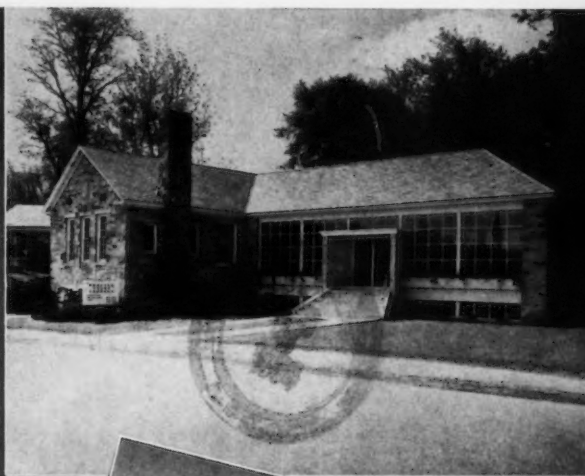


BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

FEBRUARY 1954



**Banks Build
for the
Future**



***Geared
to Modern
Merchandising
Transportation***

(pages 3 and 51)



WHICH OF THESE MEN is the biggest threat to your bank?

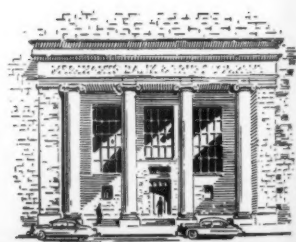
It's not the man with the gun.

True, the armed robber takes huge sums from banks each year. But far more staggering is the toll caused by the dishonest employee.

F.D.I.C. reports show that during the years 1951-52 there were 1229 bank embezzlements. This means that one embezzlement occurred for every 16 active banks. Furthermore, estimates indicate that defalcations as yet *undiscovered* may amount to as much as \$10,000,000.

Effective checks against defalcations are provided by rigorous internal controls and recurring, detailed audits—but only *adequate, well-planned dishonesty insurance* offers *guaranteed protection against financial loss*.

The Aetna Casualty and Surety Company's experienced banking insurance underwriters have planned adequate dishonesty insurance programs for hundreds of banks. They can help you determine what type of coverage is best for *your bank*—and what amount will protect you against possible disastrous losses. For truly reliable protection, contact your local Aetna representative.



AETNA CASUALTY AND SURETY COMPANY

The Aetna Life Affiliated Companies write practically every form of insurance and bonding protection

LIFE AND CASUALTY

Aetna Life Insurance Company
Aetna Casualty and Surety Company

FIRE AND MARINE

Automobile Insurance Company
Standard Fire Insurance Company

Hartford 15, Connecticut



BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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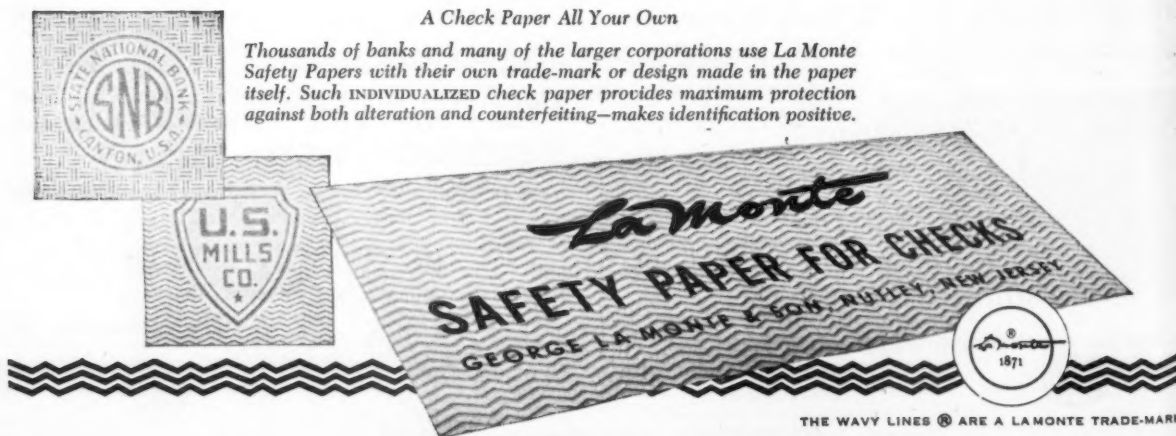


Easy Payment Plan...

What *could* be easier than paying all bills by check. Each recipient is as near as the corner mail box! Every time your bank opens a checking account for a new customer you automatically provide him with the convenience of paying his bills this simple, safe way. Why not give him an added feeling of prestige by supplying him with checks lithographed on La Monte Safety Paper. Checks on these fine papers cannot fail to impress both your customer and those to whom his checks are directed. Your lithographer can show you samples of La Monte Safety Papers... or we will gladly send them direct

A Check Paper All Your Own

Thousands of banks and many of the larger corporations use La Monte Safety Papers with their own trade-mark or design made in the paper itself. Such INDIVIDUALIZED check paper provides maximum protection against both alteration and counterfeiting—makes identification positive.



THE WAVY LINES ® ARE A LA MONTE TRADE-MARK

Just a Minute

February

THIS is a big, newsy BANKING. Before you tackle it, we'd like to point out three special features.

First, there's a report on the semi-annual survey of country-wide credit conditions, made by the Credit Policy Commission of the American Bankers Association.

Second is our bank building survey, based on two questionnaires: one for banks that have completed a construction or modernization project within the last five years, the other for banks contemplating a similar job. The forthcoming information was detailed in each case. It's summarized by BANKING'S JOHN

J. McCANN in a two-installment article starting this month.

Third, GENIEVE GILDERSLEEVE has written an analysis of bank experience with finance forums for women since 1949. Her article, also the result of a survey, looks at two questions: Where do we stand now, with this educational medium? and, Where do we go from here? MISS GILDERSLEEVE is assistant secretary of the A.B.A. Trust Division.

For Your Convenience

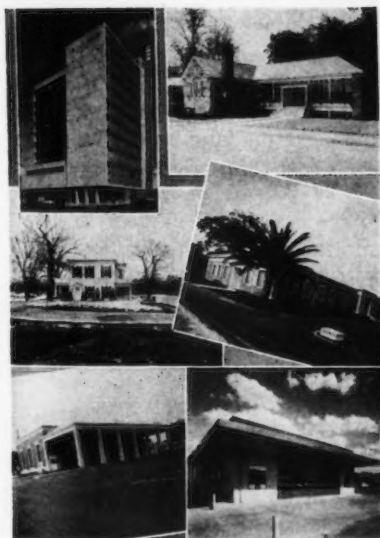
READERS of "Methods and Ideas" are advised that, beginning this month, the material will be divided into two sections.



"Good morning! . . . Good morning! . . . Who's in charge here?"

"Operating Procedures" will be just that. "Public Relations" will report activities and suggestions concerning business development, promotion, and advertising.

We felt this change would make for easier reading—you can now turn directly to whichever section of
(CONTINUED ON PAGE 5)



Our composite cover this month presents a sampling of contemporary bank architecture. It underscores a fact that no business has done more to adapt its architectural styling to the new age in transportation, communication, and modern methods of merchandising service. There is no longer a set tradition in bank building; design may range from a remodeled residential structure to the ultra-modern business housing that changes a community's skyline. Everywhere are new buildings showing the varying influences of modern and colonial styling. The bank building is still a Main Street landmark, but it has traded a forbidding appearance for open, inviting, and functional beauty. (See page 51.)

The banks shown are, from left to right and top to bottom, First National Bank, Temple, Tex.; Proctor (Vt.) Trust Co.; Second National Bank of Richmond, Ind.; Bank of Palm Beach (Fla.) and Trust Co.; Ohio National Bank, Columbus; First Security Bank of Utah, Eight South Branch, Ogden.

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

The Staff

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You get no sales from tea-leaf tales



IF BUSINESS EXECUTIVES even thought that a tea-leaf reading could provide the answer to this year's sales problems, gypsy tea rooms would be doing a booming business. For, with productive capacity at an all-time high, goods are going to be plentiful—buyers will be choosy—and sales competition will be rough.

This points up the need for immediate and long-range market planning and hard selling. Remember, product acceptance among buyers cannot be established overnight, and unless a company has an adequate and continuing market for its products or services, it cannot make a satisfactory profit for its stockholders.

Consistent, well-directed and properly executed business paper advertising can be a strong and effective influence in building product recognition, breaking

down buying resistance, expanding and developing new markets. In fact, business magazine advertising can perform these marketing and sales functions faster and at far lower cost than any other method.

THAT'S WHY WE SUGGEST: *If you have a financial interest or responsibility in a company, check to see that the company's management is using adequate Business Publication Advertising to build and protect its markets.*

Just released . . . McGraw-Hill's 1954 "Pulsebeat of Industry" discusses current trends and the outlook for 30 divisions of business and industry. We will be happy to send you a copy without cost or obligation. Write today for your copy.



McGRAW-HILL PUBLISHING CO., Inc.



330 WEST 42nd STREET, NEW YORK 36, N. Y.



H E A D Q U A R T E R S F O R B U S I N E S S I N F O R M A T I O N

(CONTINUED FROM PAGE 3)
Methods and Ideas particularly interests you.

Among Our Poets

BANKING's first-of-the-year mail was brightened (as usual) by the arrival of two little books by people who have creative typewriters.

Poet **ROD MACLEAN**'s contribution to our Holiday cheer was his latest collection of verse, *The Whimsey Report, Complete and Unabashed*.

MY BADINAGE SLIPPED

"The caveat is emptor,"
I joshed the servant girl.
Since strange expressions tempt her,
She gave the thing a whirl:
"The caveat? Oh no, sir!
I saw it on the shelf
A day or so ago, sir,
And filled it up myself!"

Rod is assistant vice-president of Union Bank and Trust Company of Los Angeles and first vice-president of the Financial Public Relations Association.

From **WILLIAM A. PHILPOTT, JR.**, secretary of the Texas Bankers Association, came another sheaf of his essays and verse, titled *I See You Are Busy*. Here's a quick quote:

IS THERE A DOCTOR SYNTAX IN THE HOUSE?

If for a single noun the verb be plural,
Forgive the man—he's unrefined and rural;
And if his writing show a variant tense,
Just pass it as a lack of bookish sense;
Excuse mixed metaphors and scrambled cases,

Such errors oft are writ in learned places.

But, don't forgive the man with brain diminutive,

Who, cold and cruel, splits a poor infinitive!

20,400 Miles of Study

WE heard the other day of an American Institute of Banking student who drove 20,400 miles to earn his Standard Certificate.

He's **JOHN HARRIS**, assistant cashier of the First National Bank of Yarmouth, Yarmouthport, Massachusetts. This Cape Cod town is 75 miles from the meeting place of Boston Chapter, A.I.B. **JOHN**'s 136 round trips by car to and from his classes covered a period of five years; he took eight courses.

Now in charge of his bank's new branch, he's looking forward to driving another 10,000 miles to get his Graduate Certificate from the Institute.

BANKING'S Cartoons

EACH year The National Bank of Lansdowne, Lansdowne, Pennsylvania, has an open house for the home town folks. The festivities include refreshments, souvenirs, and a display of currency and historical pictures.

For its 1953 party the bank decided that some cartoons on banking would make a good added attraction. It borrowed some of our original drawings, and, reports President **WILLIAM A. SULLIVAN**, "they were seen and enjoyed by about 1,000 people."



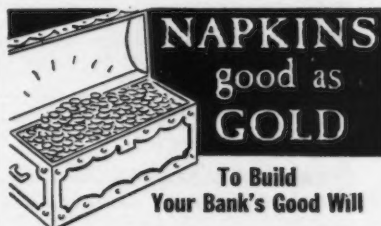
Red glow growing...

All over the Delaware Valley, the fires of industry are glowing—and growing. And as they grow, they light the way for production of more and more manufactured goods.

If your client is coming into the booming Philadelphia area, why not get in touch with Central-Penn? Put our more than 120 years of experience to work in your behalf.

CENTRAL-PENN NATIONAL BANK OF PHILADELPHIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Give a new warm glow to your good will, and gain new business, by giving Cascade Bank Imprint Napkins to your local community groups. Always in demand for luncheons, dinners, banquets, and similar functions, their influence continues the year 'round. Thousands of banks have proved their great promotional value as gifts to churches, lodges, institutions, schools, and civic organizations.

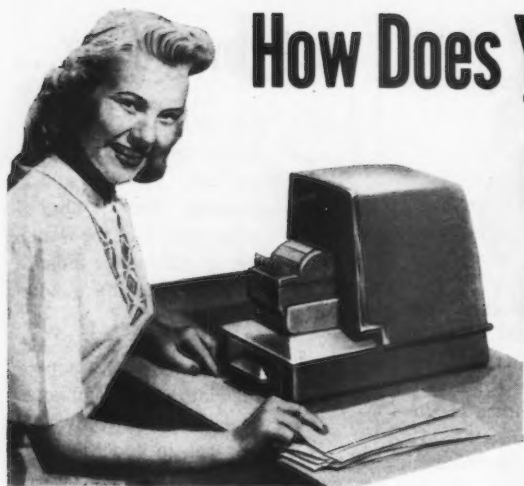
30,000 luncheon napkins, handsomely imprinted in color with your name and advertising message, only \$131.00.

Send coupon today for free sample napkins and full information about ordering.

CASCADE PAPER COMPANY
205 GRIMES STREET
NORTH ADAMS, MASS.

Please send free samples and full information about Cascade Bank Imprint Napkins.

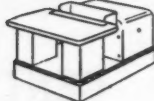
NAME _____
TITLE _____
BANK _____
CITY _____ STATE _____



How Does Your Bank Cancel Checks?



**Cummins
PERFORATOR**



**MACHINE
STAMPING**



**OLD, BULKY
PERFORATOR**



**HAND
STAMPING**

Cummins PERFORATOR	MACHINE STAMPING	OLD, BULKY PERFORATOR	HAND STAMPING
SPEED 10,000 to 20,000 per hour.	About 5,000-20,000 per hour.	Maximum of about 5,000 per hour.	1 at a time.
SAFETY You can't erase the holes . . . they kill checks forever . . . last as long as check paper. No skips.	Cancellation easily removed. Some skips, misses.	Safe, but causes errors due to tacking, which causes misfiling.	Cancellation easily removed. Frequent skips, misses.
LEGIBILITY You can always read the holes, no matter how dirty or cluttered check becomes.	Smears; printing grows faint as ink supply dwindles.	Good	Smears, smudges, fades, becomes faint when ink runs low.
EASE OF OPERATION Speed Trip permits one-hand operation. No effort.	Jamming causes delay. Changing dates is bothersome, wastes time.	Operates by manpower . . . foot pedal hard for girl to work . . . tiring, irritating.	Constant banging is tedious, tiring, nerve-racking.
NEATNESS No smudging. Clean, neat, easy to do. Businesslike . . . maintains high morale.	Messy, dirty ribbons to change; date changing messy.	Does neat job, but machine itself is awkward, clumsy in appearance, takes up needed floor space.	Stains hands, clothes, smears checks. Undignified chore.

IN BUSINESS AND BANKS SINCE 1887
Cummins



For full information,
mail coupon or phone
Cummins Business
Machines sales and
service offices in
principal cities

CUMMINS BUSINESS MACHINES

Division of Cummins-Chicago Corp.

Dept. B-24, 4740 N. Ravenswood Ave., Chicago 40, Ill.

Please send full information on Cummins High Speed

☐ Perforators ☐ Endorsers

Name

Name of Bank

Address of Bank

City State

On the Beam in Japan

THE Japan Safety & Hygiene Council, Osaka, requested and received permission to translate, in abridged form, **BANKING's** June 1953 feature, "How to Keep a Conference on the Beam," by DONALD A. LAIRD, with drawings by DICK ERICSON.

The Council has a new publication, "International Management Review," and apparently our article was a candidate for it.

"Freedom Week"

THIS issue of **BANKING** has an article, "Truthcasts Through the Iron Curtain," that tells of the work being done by Radio Free Europe and Crusade for Freedom in broadcasting to the satellites of the Soviet Union.

The CFF asks us to pass along several suggested media for bank cooperation with its work. Here they are:

"(1) Circulate Freedom Scrolls among your employees—and customers, too, if you wish.

"(2) Feature Crusade for Freedom ads in your scheduled advertising. For 'Campaign Guide' and ad mats, write Miss Helen Crabtree, Advertising Council, 25 West 45th Street, New York City.

"(3) Include a Crusade for Freedom message in your envelope stuffers, both with February 1 statements to depositors and in payroll envelopes prior to or during Freedom Week, February 12-22.

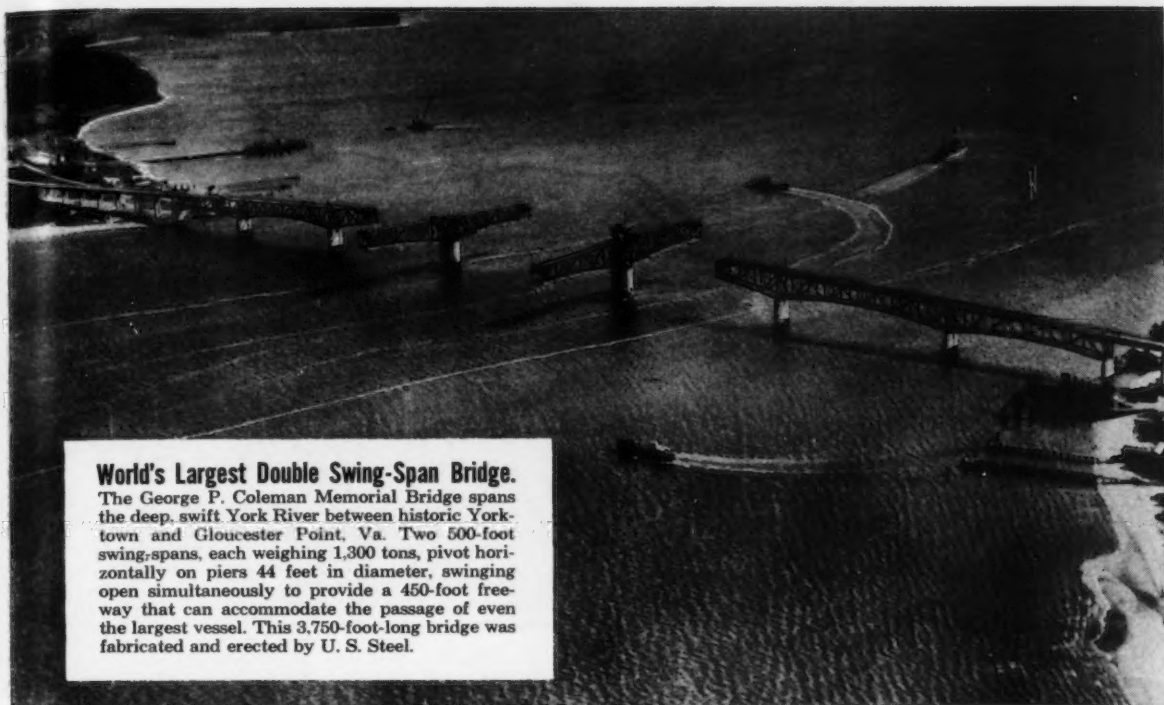
"(4) Devote your bank window and interior displays during February to the Crusade for Freedom: because you will most likely feature a

(CONTINUED ON PAGE 11)



"We decided to wait awhile before we got married. The office collection was smaller than we expected"

Only STEEL can do so many jobs so well



World's Largest Double Swing-Span Bridge.

The George P. Coleman Memorial Bridge spans the deep, swift York River between historic Yorktown and Gloucester Point, Va. Two 500-foot swing-spans, each weighing 1,300 tons, pivot horizontally on piers 44 feet in diameter, swinging open simultaneously to provide a 450-foot free-way that can accommodate the passage of even the largest vessel. This 3,750-foot-long bridge was fabricated and erected by U. S. Steel.



Landing at Sea. When a fighter pilot lands his plane on a flat-top, one of his biggest problems is *stopping* the plane. To help him, a hook attached near the plane's tail engages one of the galvanized wire cables, mounted on spring brackets, that stretch across the deck. The resiliency of the cable, plus the bracket action, helps the plane to stop promptly and safely.



Ready to Roll. Trains move faster today, they carry heavier loads, they cover longer distances. This puts a premium on durability and safety in the wheels they roll on. U. S. Steel has been a leading manufacturer of wrought steel wheels for 47 years, has helped to bring the art of wheel-making to its present high level.



UNITED STATES STEEL

This trade-mark is your guide to quality steel

For further information on any product mentioned in this advertisement, write United States Steel, 525 William Penn Place, Pittsburgh 30, Pa.

AMERICAN BRIDGE • AMERICAN STEEL & WIRE and CYCLONE FENCE • COLUMBIA-GENEVA STEEL • CONSOLIDATED WESTERN STEEL • GERRARD STEEL STRAPPING • NATIONAL TUBE
OIL WELL SUPPLY • TENNESSEE COAL & IRON • UNITED STATES STEEL PRODUCTS • UNITED STATES STEEL SUPPLY • Divisions of UNITED STATES STEEL CORPORATION, PITTSBURGH
UNITED STATES STEEL HOMES, INC. • UNION SUPPLY COMPANY • UNITED STATES STEEL EXPORT COMPANY • UNIVERSAL ATLAS CEMENT COMPANY 4-290-B



Part of the Big Picture

Banks and bankers traditionally have been relied upon to see the big picture of the nation's economic health and welfare—to perceive and foster those practices which lead to a sound economy. Property insurance enters this picture because it is the prime protector of financial stability against disaster.

The Home, in its national advertising, is attempting to give the public a better understanding of the many-faceted services provided by insurance and insurance agents.

The latest advertisement in this series deals with farm insurance and will be of particular interest to rural banks concerned with maintaining the healthy financial position of their farming and ranching customers.

☆ THE HOME ☆ *Insurance Company*

Home Office: 59 Maiden Lane, New York 8, N. Y.

FIRE - AUTOMOBILE - MARINE

The Home Indemnity Company, an affiliate, writes
Casualty Insurance, Fidelity and Surety Bonds

Meet your HOMETown Insurance Agent



HOW TO GROW...IN A BUSINESSLIKE WAY

Crops don't just grow like Topsy—not any more. Today's farmer is a real businessman—a combination weatherman, mechanic and accountant as well as a master of agriculture or animal husbandry. Even so, he faces the hazards of fire and hail that could wipe out his year's work—except that he is *protected by insurance*. That's why farmers and Home Insurance agents work hand-in-hand—partners in protection and production.

P. S.—those agents talk the farmer's language, too. That's why they make such a fine team.



Are you in this picture?

How long since you have had an expert insurance survey of your home, furnishings and personal belongings? Better do it soon—you'll be surprised at the total value of your possessions, and how *little* it costs to have full protection for them. Your Home agent will be glad to do the job for you.

☆ Your HOMETown Agent can serve you well—see him now!



The farmer's friend—Generations of farmers have welcomed the Home agent and the insurance protection he has brought to crops, buildings and equipment.

☆ THE HOME ☆
Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.

FIRE • AUTOMOBILE • MARINE

The Home Indemnity Company, an affiliate, writes
Casualty Insurance, Fidelity and Surety Bonds



...ing insurance protector of American homes and the homes of American industry.

This ad will appear in full color, full page size in the April issue of
SUCCESSFUL FARMING
TOWN JOURNAL
BETTER HOMES & GARDENS
NATION'S BUSINESS
TIME



Here's an X-ray look into the **easiest** operating desk you can buy

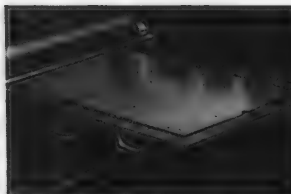
This new "Y and E" desk keeps its handsome, accepted style—but 20 engineering changes make it the most adaptable, easy-to-use desk you can buy.

New
ease of
operation



1. New Nylon Stationary Bearings glide drawers quietly in and out with effortless ease.

2. New Effortless Locking—new spring and locking mechanism give easy and positive locking and unlocking.



3. New Sliding Reference Shelf is reversible, can be used as utility drawer. Glass insert or pin tray is available.



4. New Drawer Stop, spring controlled, positive action—drawer removal simplified.



5. New Roomier Utility Tray for more convenient storage. All compartments full height of drawer—no spillage.



6. Choose either Recessed or Flush Back on original equipment. Can be easily changed from one to the other at any time.

For complete information on how these new desks can benefit your company, please write for free brochure No. 3808.

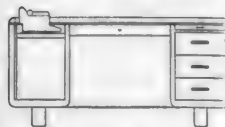
YAWMAN AND ERBE MFG. CO.

1053 JAY STREET, ROCHESTER 3, N. Y., U. S. A.

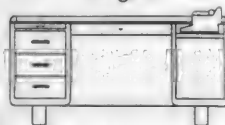
Nationally distributed through branches, agents, and dealers.

New Flexibility

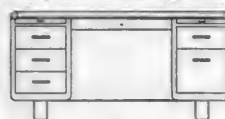
Same desk adapts
for different uses



Reverse pedestal
to get:



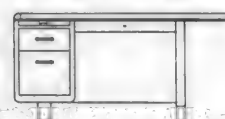
Replace typewriter
pedestal with drawer
pedestal to get:



Replace pedestal with
end panel to get:



Reverse pedestal and
end panel to get:



You can meet many changing needs through rearrangement of original parts. By stocking a few spare parts you can quickly and easily change this new desk to almost any model.

(CONTINUED FROM PAGE 6)

patriotic display there in this period between the birthdays of two great champions of freedom, Lincoln and Washington, the display will be logical and timely.

"(5) 'How not to go into the RED' might be the headline of a statement by the president of your bank endorsing the Crusade, referring to destruction of savings and free economy, currency debasement, etc., which are products of Soviet communism."

Accounting-Banking-Credit Workshop

IN Muskegon, Michigan, there is a new adult education program in which accountants, bankers, and credit men are working to foster better relations in those three fields. It's called the "ABC's of Business Workshop."

The first program comprised lectures, panels, and group discussions by experts. It had a total attendance of 584 for the six sessions.

Sponsor is the Muskegon Association of Credit Men, headed by WILLIAM F. AMBRY, in cooperation with local representatives of the American Institute of Banking and the Michigan Association of Certified Public Accountants. Officials of the Adult Education Program of the Muskegon Board of Education are helping, too.

Banking subjects discussed at the first courses were "Evolution of Com-

When we look at the public debt, we're sure posterity will never be out of a job.

A national conscience is a still small voice that tells one country when another country is stronger.

Our politicians discuss all the problems of the day but none of the answers.

A bachelor has no one to share his troubles. Why should he? He hasn't many to share.

Everything is taxed now, even a taxpayer's credulity.

If you can look in the mirror without laughing, you have no sense of humor.

mercial Banking in the Midwest" and "Responsibility of Commercial Bank Lender." Each was the theme of a panel.

The program, we're told, was suspended for the Michigan deer season and the Christmas holidays, but it's likely that the 1954-55 series will continue through those red letter periods.

"There is a real demand from the rank and file to do so," says M. R. BATY, executive vice-president of the Hackley Union National Bank of



She **SAVES**
Her Coins . . and
SEES Them Too

. . . and builds a
NEW ACCOUNT
for you . . . with

VISABANK

The self-liquidating
HOME SAVINGS BANK

that works for you twenty-four hours a day. Your name is stamped in gold on front of Visabank — your complete ad message on card at rear.

Beautiful as well as useful. Body of clear plastic with base and top in full range of handsome colors—solid, marbelized and pearlescence.

FREE Sales and Advertising Helps

Write for full information.

Patented Plastics, Inc.
1010-S Woodland Ave., Cleveland 15, Ohio

"Fred has a very remarkable subconscious mind. In fact, he's been fired from several jobs for being *too* subconscious"



The banker wants to know —

about the contingent liability created by wide differences between original and replacement costs — the effect on balance sheet, profit and loss, and insurance. American Appraisal Service furnishes the answer.

The AMERICAN APPRAISAL



Company

Over Fifty Years of Service
OFFICES IN PRINCIPAL CITIES

STANDARD

Wherever money is wrapped!

CURRENCY STRAPS

Better
Gummed
Stick
Instantly
Distinctive
Colors



A Complete Line of Money Wrappers

Cartridge Cointainers Currency Straps
Tubular Coin Wraps ABA Style Straps
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Muskegon, who wrote us about the work. He's a member of the administrative committee.

Bank Aids Towns, Industries

IN our Correspondent Banking Survey published last October, "Aid in Obtaining New Industry" headed the list of services "country" banks most want from their city neighbors.

The Mercantile National Bank of Dallas wants to be helpful in meeting this need and has undertaken a broad program designed to benefit nearby towns that seek new businesses and industrial firms looking for new locations.

The bank's business development department, says President MILTON BROWN, is setting up a permanent clearing house of information which can be used by communities as well as manufacturers. Towns desiring new industries will be catalogued and their data made available to firms looking for locations.

"In all frankness," comments Mr. Brown, "the program is a long-range one, and no early or widespread results are to be expected."

The Mercantile's correspondents in the area now being surveyed have been asked for basic information on their communities. Material from chambers of commerce or other local groups will be collected, too.

A Good Promotion Piece

LIKE many of the cartoon features in BANKING, GRAHAM HUNTER's February drawing has promotional possibilities for banks.

Bear this in mind when you study "What Banks Really Have for Sale." If you want to use it, write us.



"Well, for once in a lifetime everything works out fine. I thought I owed a lot —and I do!"

One thing we ought to keep as sound as a dollar is the dollar.

The average American works 120 days for the tax collector and the other 244 days for the instalment collector.

With a balanced budget and no excess profits taxes, the Canadians seem hopelessly behind the times.

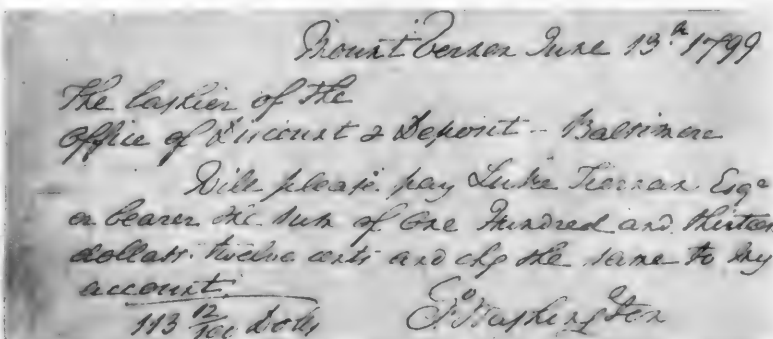
To attain success, some persons start at the bottom and work every-body.

No matter what her age is, a little flattery will make any woman 10 years younger, and too much will make her childish.

A radio announcer is a person who has a vital message for the nation every 15 minutes on the tone beat.

No woman is happy if she looks as old as her daughter.

George Washington wrote out every word of this check, now in the Chase National Bank collection in New York City. But within a few years his successors in the Presidency were using printed check forms much like those used today





Northgate Branch, The National Bank of Commerce, Seattle, Washington.
Architect: John Graham, Seattle, Washington.



Eddy Isbey Plumbing & Heating Store, Michigan City, Indiana.
Architects: Tonn & Blank, Inc., Michigan City, Indiana.



A Pittsburgh Open-Vision Store Front opens the public's eyes ... and its pocketbook!

A business establishment that puts up a good front makes a good showing, especially if it's an open-vision front of Pittsburgh Glass. This applies to your bank as well as the retail properties you handle. For the "open-to-the-public" look of an all-glass front extends a welcoming hand to the passerby, asks him to

come in. In your retail properties, an open-vision front exhibits the merchandise displays attractively, persuasively, night and day . . . even after hours, the store goes right on selling!

Make *your* bid for increased business *now* by modernizing with eye-pleasing Pittsburgh Products. You'll

find that business looks up when the business establishment looks up-to-date! And, of course, Pittsburgh modernization adds to the real estate value of your property, too. For examples of other Pittsburgh modernization jobs, just fill in and return the coupon below. No obligation, of course.

**Store Fronts
and Interiors
by Pittsburgh**



Pittsburgh Plate Glass Company
Room 4133, 632 Fort Duquesne Blvd., Pittsburgh 22, Pa.

Without obligation on my part, please send me a FREE copy of your modernization booklet, "How To Give Your Store The Look That Sells."

Name
Address
City State



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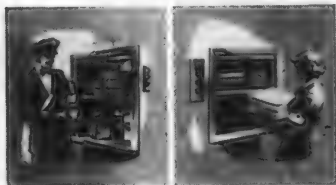
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All banks can profit by Sedgwick
Coin Lifts and Correspondence Lifts.



Many banks need Sedgwick Food Lifts
or Sedgwick Sidewalk Elevators.

Most banks can improve the value of
residential property, in which they or their
clients are interested, with Sedgwick Resi-
dence Elevators or Stair Travelers.

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ment performance.



For complete information, address Dept. B-9

Sedgwick MACHINE WORKS

124 WEST 15TH ST. NEW YORK 11, N. Y.

Established in 1903 - Continuous Operation Since 1892



Most parties have an aftermath of some kind or other, but few are as unusual as one following a holiday party at our bank. During the evening, punch with an orange juice base was served. Through some miscalculation, quite a little of the cup that cheers was left over, and the committee in charge stored it in the refrigerator along with the frozen concentrate which is used to provide the free orange juice offered every day to our customers, a custom of nearly 10 years' standing.

When the janitors came to work next morning, they saw this supply of what they supposed was already prepared orange juice, and emptied it into the juice dispenser. That was the day! Our customers said it was the best flavored orange juice they had ever tasted. They came back for more and more, and it didn't last very long. After we found out what had happened, we kept very mum about it—for two of the ladies who



had especially enjoyed the flavor of this "different" orange juice are noted for their decided views on beverages.

THROUGHOUT January we continue to push for Christmas Club memberships, and among our most persistent workers are our tellers. One of these girls had quite a surprise one day when she asked a new customer if

she would not like to take membership in our Christmas Club.

The lady was very receptive.

"Oh, yes, I'd love to!" she smiled. "I haven't lived here very long and I would so like to meet nice people and get acquainted. When do you have your meetings—are they in the bank? Could I come to one of them before I join, just to see what it's like and who comes?"



ONE of our lending officers, too, had rather a shock a few days ago. A worried-looking man came in and asked to borrow \$150. Asked how he wanted to use it, he replied that he didn't want to use it now; he just wanted to put it in a savings account.



That way, he said, he wouldn't need to put up any security, and of course there would be no interest to pay because he would not have taken the money from the bank. He was quite willing to forego any interest on the account. In that way, he said, at no expense either to him or the bank, the money would be there "in case something happened and I should need it."

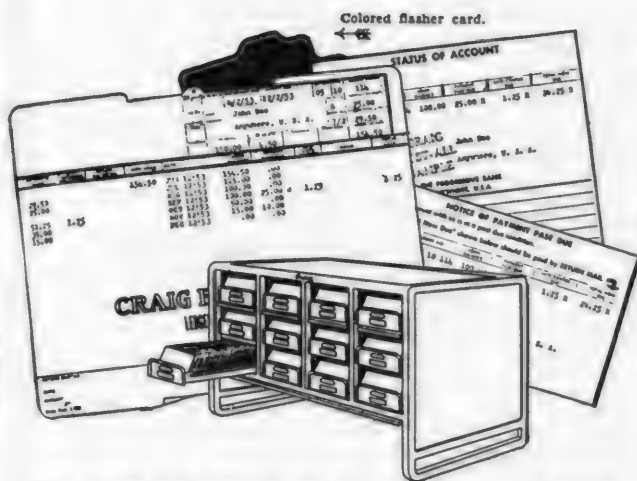
It turned out that he had been listening to some one on the radio who had predicted a violent recession within the next month or two. If that occurred, he said, he might lose his job, and the \$150 would come in handy to live on while he looked about for another.

BELLE S. HAMILTON



Bankers Should Know about *Craig* POST-ALL* *Craig* MCAS

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* The original cycle posting plan for Consumer Credit Accounts.

Would you like

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- T**rial balance automatic
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- L**oan delinquencies controlled

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Would you like

- M**erchant program guidance
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DANVERS, MASSACHUSETTS

Specialists in Equipment and Systems for Receivables Operations



Bankers View the Future

The following commentaries by bankers on the business and public affairs outlook are from the 1953 pamphlet reports by American and Canadian banks. Other excerpts will be published in the March issue of BANKING.

CHALLENGE

The First National Bank of Chicago: EDWARD E. BROWN, chairman; JAMES B. FORGAN, vice-chairman; HOMER J. LIVINGSTON, president.

IT is entirely possible that in 1954 business will be confronted with a strong challenge to reduce costs, merchandise more effectively, and demonstrate again that a competitive enterprise system can continue to give us the highest standard of living, despite changes in the business cycle.

Although there are a number of factors which indicate that the present moderate decline in business will continue, there are also some strong influences to sustain the economy. The anticipated reduction in personal income taxes may encourage consumer spending by adding to the excessively large liquid assets now held by individuals. The termination of the excess profits tax should be helpful in maintaining the over-all earnings of industry. The budget for defense may be reduced, but expenditures for this purpose will continue to be large in relation to the gross national product. Outlays for municipal and state government projects, including highway construction, are also almost certain to be substantial. Continued expansion by utilities is likewise a favorable factor. In addition, we may anticipate that the money markets will not be tight, and that ample credit will be available for short-term loans and for long-term capital expansion.

No serious over-all concentration of weaknesses in the economy has so far been apparent, but the current

readjustment warrants prudent and careful management in business.

The long-term trend justifies confidence in the continued growth of the American economy to new and even greater levels of achievement.

"SOUND DOLLAR" GOAL

The Pennsylvania Company for Banking and Trusts, Philadelphia: WILLIAM FULTON KURTZ, chairman; WILLIAM L. DAY, president.

THE fiscal situation is worrisome not only to our capable Treasury officials, but to most thinking people. Sooner or later we must solve the problem of how to balance our Federal budget, still maintain adequate military defense, and yet keep taxes down to a level which will not result in diminishing tax returns.

A "sound dollar" seems still to be the worthy objective of Government.

TEST OF LEADERSHIP

The National City Bank of New York: HOWARD C. SHEPHERD, chairman; JAMES S. ROCKEFELLER, president.

A FLEXIBLE money policy can operate only through flexible money markets. The alternative to flexible policy, as was learned during the years before 1951 when prices of Government securities were pegged, is inflation. The country cannot hope to have the benefits of a free economy, or money of stable purchasing power, unless money policy is free to change, and interest rates to move, as economic conditions change.

It seems correct to say that inflationary price trends have been arrested or have lost their momentum, that money again is neither overly tight nor excessively easy, and that money policy is intended, insofar as it can, to maintain economic stability. . . .

The conditions which would be ex-

pected to bring on a major business decline are not generally evident. . . .

Even a modest decline in business will require vigorous effort to increase efficiency, reduce costs, improve products, and sell at prices which people can pay. The responsibility for the success of this effort falls alike upon management and labor. In that way the year will impose a test of leadership.

NO SERIOUS SETBACK

LaSalle National Bank, Chicago: JOHN C. WRIGHT, chairman.

MOST economists seem to believe that there will be at least a temporary period of economic adjustment, and there has been some evidence of this in certain industries.

However, there is not enough evidence to date to indicate the probability of a serious recession. Consequently, it would appear unwise to take an extreme position in either direction, and flexibility of thinking and willingness to change policies to meet changing conditions continue to be of paramount importance.

WHOLESOME CLIMATE

Guaranty Trust Company of New York: J. LUTHER CLEVELAND, chairman; WILLIAM L. KLEITZ, president.

REDUCED operating levels in industry and trade, diminishing inventories and easing prices would combine to limit the demand for bank credit. It seems reasonable, however, to expect that any such changes will be moderate unless the business readjustment that causes them is more severe and prolonged than is now generally anticipated.

In coping with any problems that may lie ahead, business will be aided and encouraged by the knowledge that it is operating in the most wholesome economic climate that has ex-

(CONTINUED ON PAGE 18)

GROWING

STATEMENT OF CONDITION

At the Close of Business December 31, 1953

ASSETS

Cash on Hand and Due from Banks	\$255,416,202.86	
United States Government Obligations	\$110,988,559.03	
Public Housing Authority Obligations (Fully Guaranteed)	12,975,830.31	
State, County and Municipal Bonds	13,373,910.48	137,338,299.82
Stock in Federal Reserve Bank		900,000.00
Other Bonds		219,098.00
Commodity Credit Corporation Certificates and Notes		22,287,142.32
Loans and Discounts		218,006,983.66
Income Accrued		1,483,209.60
Letters of Credit and Acceptances		3,130,333.37
Banking House and Equipment		7,257,013.95
Other Assets		93,864.34
		<u>\$646,162,147.92</u>

LIABILITIES

Capital Stock	\$15,000,000.00	
Surplus Fund	15,000,000.00	
Undivided Profits	4,897,107.54	\$ 34,897,107.54
Reserve for Contingencies		2,802,369.60
Reserve for Taxes, Etc.		3,347,887.55
Deferred Income		470,898.91
Letters of Credit and Acceptances		3,130,333.37

DEPOSITS:

Individual	\$352,811,749.46	
Banks	234,509,119.03	
U. S. Government	14,192,682.46	601,513,550.95
		<u>\$646,162,147.92</u>

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The major difference between
banks of today is the way
people are treated.

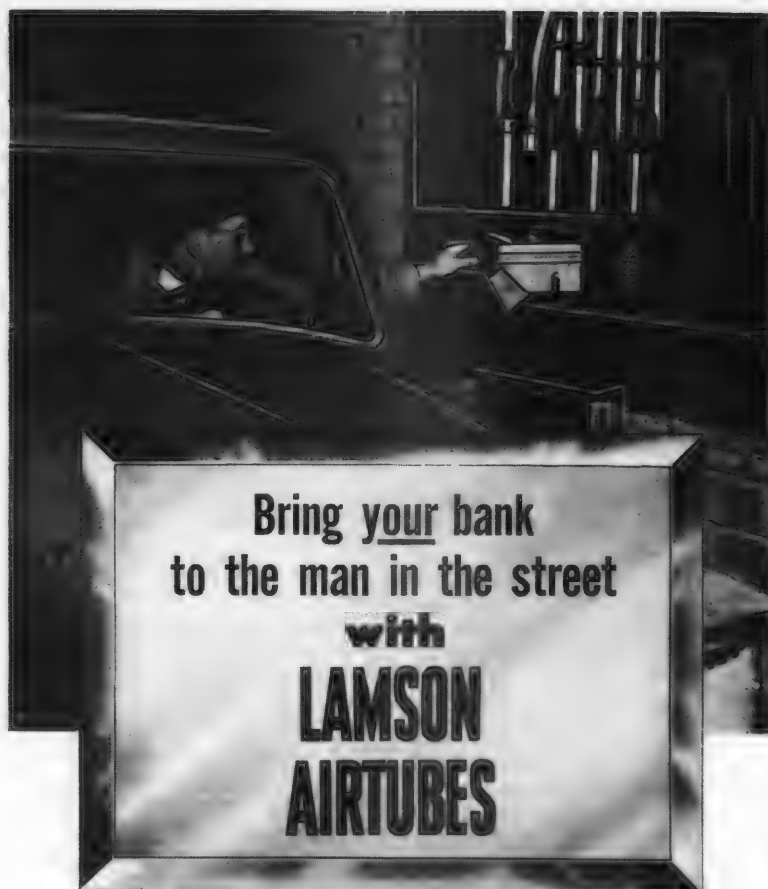
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PRESIDENT

78th year of dependable correspondent service

NATIONAL BANK IN DALLAS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

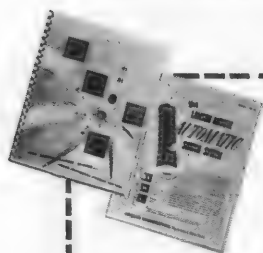




A Lamson Airtube System provides an actual physical extension of your banking facilities to any island booth in a parking area, or to any curb-side teller's cage.

In general practice Airtube lines connect cages with central banking areas. Material such as loan payments, savings books, or checks for signature verification is placed in the Airtube carrier and whisked to the proper department at 30 feet per second. Airtube service between cages and departments enables customers in cars to obtain every normal banking service with maximum convenience.

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Clip this coupon to your signed letterhead to receive your copies of the 52-page two color, illustrated brochure, "Airtube on Target," and the new bulletin, "The Airtube Automatic Switch System."

(CONTINUED FROM PAGE 16)

isted in two decades. The Federal Administration has shown that it understands the needs of a free economy, and has taken steps to meet those needs. The reformulation of national policies in such fields as fiscal affairs, international economic relations, agriculture, and labor-management dealings, has proved to be much more than a one-year job. Yet in all these fields progress has been made. . . .

Against this background, the business and financial community is warranted in viewing both the near-term and the long-term outlook with confidence.

TRADE POLICIES

Bank of Montreal: GORDON R. BALL, president.

OUR interest in the immediate future is in the speedy furtherance of trade policies based fundamentally on recognition of three facts: firstly, that the welfare of free nations is interdependent; secondly, that the objective of "Trade, Not Aid" can be achieved only with the full realization that trade is a two-way process; and thirdly, that it is idle to talk of enduring peace without deliberate measures designed to help less fortunate countries to help themselves by giving them a fair chance to sell in external markets.

COSTS AND PRICES

The Canadian Bank of Commerce, Toronto: JAMES STEWART, president.

WE must be prepared for uneven activity both regionally and in the industrial operations that make up the economy. If my assumption of the business climate for the months to come is correct, then business for the first time in some years will acquire a fuller appreciation of the relationship of costs to selling prices. This relationship has been obscured in the immediate past by reason of rising dollar volume which has tended to give an unrealistic view of profits. . . .

We must become increasingly aware of the implications of generally high costs of production and the difficulties emanating from them in competitive markets. . . .

(CONTINUED ON PAGE 140)

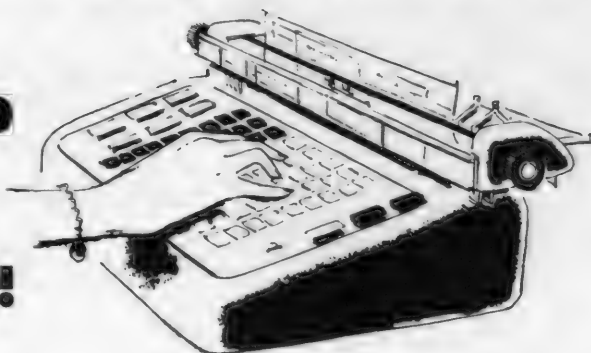
THE TRULY MODERN BANK MUST BE AIR CONDITIONED

TO STIMULATE EFFICIENCY AND REDUCE ERRORS *modernize with* **CHRYSLER AIRTEMP**

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AIR CONDITIONING!



Surveys based on actual experiences have proved that modern air conditioning increases the efficiency of employees in banks, reducing the frequency of costly errors. You will find that the clean, cool, healthful atmosphere created by air conditioning will improve the morale of your staff to the point that turnover will be minimized. And you will benefit, too, because customers prefer to transact their business in cool, refreshing comfort.

But get the *last word* in modern air conditioning for banks. Buy Chrysler Airtemp! "Packaged" air conditioning was pioneered by Chrysler Airtemp in 1937. More Chrysler Airtemp "Packaged" Air Conditioners have been sold than any other make. And only Chrysler Airtemp engineering gives you such important features as the super-efficient, super-quiet Sealed Radial Compressor . . . "Maxi-Fin" Coil for more effective cooling . . . "Airfoil" Grille to direct the air exactly where you want it by means of adjustable vanes . . . greater cooling capacity . . . more compact, space-saving design. Send coupon now for complete details!



"Packaged" Air Conditioners in nine models, 2 to 15 H.P., meet most cooling needs. Other Chrysler Airtemp products for all systems of air conditioning—a complete line to suit every requirement.



CHRYSLER AIRTEMP

HEATING • AIR CONDITIONING
for HOMES, BUSINESS, INDUSTRY

Airtemp Division, Chrysler Corporation, Dayton 1, Ohio

Airtemp Division, Chrysler Corporation

B-2-54

P.O. Box 1037, Dayton 1, Ohio

I'd like to know more about Chrysler Airtemp Air Conditioning.

Name _____

Address _____

Phone _____

City _____

Zone _____

State _____



Edward J. Frey, right, president, Union Bank of Michigan, Grand Rapids, accepts plaque expressing appreciation to the bank for its 50 years of service. Presentation is by Ray Veenstra, local businessman

Will Share Profits

OUACHITA NATIONAL BANK in Monroe, Louisiana, has announced adoption of an employee profit-sharing and savings plan wherein 10 percent of the bank's net profit after taxes will be set aside for the employees each year, to be distributed upon retirement.

In order to participate in the plan, an employee must save 3 percent of his salary toward his retirement.

President R. L. Vanderpool, Jr., states that the objectives of the plan are "to give bank employees a chance to share in bank profits, to provide a system of death and retirement benefits, and to encourage thrift."

CARL M. FLORA has returned to his position of vice-president of the First Wisconsin National Bank, Milwaukee, upon completion of his duties as consultant to the Small Business Administration.

Car swings around on automatic turntable at the drive-in of Citizens and Manufacturers Bank, Waterbury, Connecticut



Heard Along

This department is compiled by THEODORE FISCHER of BANKING'S staff.

Turntable Drive-In

CITIZENS & MANUFACTURERS NATIONAL BANK of Waterbury, Connecticut, wanted a drive-in; there wasn't sufficient space for one; but now has a drive-in in operation. It utilizes an automatic turntable and, according to President C. DANA TYACK, is the first bank drive-in ever to be so equipped.

The driveway at the side of the bank is 35 feet wide and 100 feet long. Both entrance and exit had to be on the same one-way street. So the bank installed a 25-foot turntable at the dead end. This turntable is activated by two electric eyes, and so is entirely automatic in operation. It will take the largest passenger cars, suburban models, and small trucks

As a car nears the turntable, an electric beam is broken. As the car reaches the proper position on the turntable, a second beam is broken, activating the turntable which revolves to 120 degrees. The motorist then drives to the window, conducts his business, and proceeds to the same street from which he entered. See photo below.



R. S. Perkins



Eben W. Pyne

RICHARD S. PERKINS has been named vice-chairman of the board of National City Bank of New York. He continues as president of City Bank Farmers Trust Company, trust affiliate of National City. EBEN W. PYNE, formerly a vice-president of National City, was appointed a vice-president and assistant to the president of City Bank Farmers Trust Company.

HUGH C. GRUWELL, president of the First National Bank of Arizona, Phoenix, has been appointed to a two-year term as director of the Los Angeles branch of the Federal Reserve Bank of San Francisco.

AMERICAN NATIONAL BANK AND TRUST COMPANY, Chicago, has embarked on a construction program which is to require 18 months and is said to be one of the most extensive remodeling programs in the La Salle Street financial district in more than 25 years.

ROBERT L. WASSMER, assistant secretary of the Greater New York Savings Bank, has been named assistant secretary of the Group Five Savings Bank Association. MR. WASSMER is an alumnus of The Graduate School of Banking and of the FPRA school at Northwestern University.

At Canal National Bank of Portland, Maine, LLOYD W. KNOX was promoted to trust officer. WINTHROP B. WALKER, vice-president in charge of the trust department, will assume additional duties in general banking administration.

Main Street



David T. Scott



T. P. Coats

DAVID T. SCOTT has been promoted to vice-president of the First National Bank of Boston. He specializes in customer contact and bank relations work for the bank throughout the country. Mr. SCOTT is an alumnus (Class of 1939) of The Graduate School of Banking and is a former national president of the American Institute of Banking.

Executive vice-president T. P. COATS has been elected president of Central Bank, Oakland, California, succeeding DUNLAP C. CLARK, resigned. KIRBY SHARP becomes a vice-president; DAVID L. ANDERSON, formerly vice-president and trust officer, has been appointed vice-president in charge of public relations.

GEORGE H. EARLE, IV, has been promoted to vice-president at Trademans Land Title Bank and Trust Co., Philadelphia.

CITIZENS NATIONAL TRUST & SAVINGS BANK of Los Angeles has opened its new Baldwin Hills branch, which features two drive-in windows and a parking lot.

Alterations have been completed which double the usable space for FIRST NATIONAL BANK, Fort Lauderdale, Florida. The public was invited to a housewarming.

WALTER A. STOECKER, formerly a senior bank examiner with the Federal Reserve Bank of New York, has been elected an assistant vice-president of The Marine Midland Trust

Company of New York. He will be active in lending and credit operations at the main office.

Louise Choo, a secretary at *The New York Times*, opened a savings account at the FRANKLIN SAVINGS BANK, New York, on the day before Christmas and received a \$50 Savings Bond from the bank. Her deposit had pushed the bank's total deposits over the \$200-million mark.

50-Year Celebration

DURING the week-long celebration of the 50th anniversary of COLORADO COMMERCIAL AND SAVINGS BANK, Colorado Springs, the bank's employees dressed in authentic costumes of the early 1900's. Customers did their banking to musical recordings of old-time songs. All children who opened savings accounts were given rides in a horse-drawn hansom cab.

The celebration was climaxed with a television show. There was on this program a cake-cutting ceremony,



That's \$7,777.77 in the arms of Leonard Barons, left, and J. H. Brahm, executive vice-president of First National Bank of Arizona. Barons, a tool and die maker with AiResearch Corporation, Phoenix, dropped in the suggestion box an idea which proved so successful that he received this sum as his reward

and President CLAUDE L. STOUT addressed the bank's employees who were listening and watching in their homes. During the show there was delivered a big basket of American Beauty roses, sent by the CONTINENTAL BANK AND TRUST COMPANY of Salt Lake City.

Newly promoted to vice-president at Franklin National Bank of Frank-

This interested group is studying a window display at Trade Bank & Trust Company, New York. It depicts the benefits under Federal Old Age and Survivors Insurance and was installed by the Social Security Administration. During the first week of the display, nearly 10,000 booklets and folders pertaining to these subjects were distributed by the bank. Field offices of the Social Security Administration will be glad to set up such displays and provide the pamphlets to banks requesting this service



SAVE TIME - CUT COSTS



in
handling your
**Christmas
Club
Accounts**

CLUBTROLLER pocket filing sheets and binder contain all the necessary ledger information for 1000 accounts. Patents pending.

RAND McNALLY'S **NEW Clubtroller SYSTEM**

Rand McNally has developed a new combination filing and posting system which effects tremendous savings in record keeping time. First tested and proved in a large Chicago bank, now more than half a million Christmas Club accounts are being kept on CLUBTROLLERS.

The CLUBTROLLER Pocket Filing Sheet system eliminates all need for maintaining ledger cards or ledger sheets. The use of the COUPON itself, which carries all the necessary ledger information, including date of payment, account number, payment number and accumulated balance, serves as a perfect posting record when filed in the CLUBTROLLER.

Sorting of the coupons is reduced 90%! Coupons need only be sorted by color for each class, then by 100s. Thereafter it is a very simple and speedy operation to insert the coupons of each 100-group into the correct pockets since all are in view and easy to reach at one time. Thus the time-consuming numerical sequence sorting is eliminated.

This new system will save time and money for your bank — write for further details on the Clubtroller System and on Rand McNally's full line of Christmas Club Supplies.

RAND McNALLY & COMPANY

CHRISTMAS CLUB DIVISION

111 EIGHTH AVENUE, NEW YORK 11

P. O. BOX 7600, CHICAGO 80

lin Square are JOHN ENGLE and JAMES G. SMITH.

WILLIAM F. FINLEY and WILLIAM McKINLEY have been promoted to vice-presidencies at Bankers Trust Company, New York.

National City Bank of Cleveland has opened its 14th branch office in a new shopping center. RICHARD P. CLARK is manager; PETER R. SALA, assistant manager.

National City Bank of New York has announced appointment as vice-presidents of J. ED. WARREN, BENARD T. STOTT, NICHOLAS W. VANCE, and EDWARD B. WHITE, and the formation of a special industries group into which will be concentrated supervision of the bank's business in the petroleum, public utility, and transportation industries.

RAPIDES BANK & TRUST Co., Alexandria, Louisiana, invited everybody to the opening of its new bank on a week-day holiday, Robert E. Lee's birthday, January 19.

The First National Bank of Juneau, Alaska, has promoted WILLIAM G. MORAN to assistant vice-president.

DR. GARFIELD V. COX, board chairman of South East National Bank, Chicago, is new president of the American Finance Association.

(CONTINUED ON PAGE 24)

Alan W. Bowers, senior vice-president of Trenton (N.J.) Trust Company, from a window high in the Stacy Trent Hotel lights his bank's new triangular electric sign. It is visible in Princeton, N. J., 10 miles away





THE DETROIT BANK

Statement of Condition

December 31, 1953

★

RESOURCES

CASH AND DUE FROM BANKS	\$135,718,762
UNITED STATES GOVERNMENT OBLIGATIONS	317,402,417
STATE AND MUNICIPAL SECURITIES	72,916,091
CORPORATE AND OTHER SECURITIES	7,474,986
LOANS AND DISCOUNTS	\$115,267,776
REAL ESTATE LOANS	98,773,195
FEDERAL RESERVE BANK STOCK	765,000
BANK PROPERTIES AND EQUIPMENT	4,294,227
ACCRUED INTEREST AND PREPAID EXPENSE	3,387,613
CUSTOMERS LIABILITY ON ACCEPTANCES AND CREDITS	64,708
OTHER ASSETS	98,683
TOTAL	<u>\$756,163,458</u>

★

LIABILITIES

DEMAND DEPOSITS:	
INDIVIDUALS, CORPORATIONS AND OTHERS	\$346,555,343
U. S. GOVERNMENT	15,175,382
OTHER PUBLIC FUNDS	20,599,518
SAVINGS DEPOSITS	334,808,981
TOTAL DEPOSITS	\$717,139,224
UNEARNED INTEREST	1,854,645
ACCRUED EXPENSES AND TAXES	2,809,615
ACCEPTANCES AND LETTERS OF CREDIT	64,708
CAPITAL—COMMON (750,000 SHARES)	\$ 7,500,000
SURPLUS	18,000,000
UNDIVIDED PROFITS	7,110,229
GENERAL RESERVES	1,685,037
TOTAL	<u>\$756,163,458</u>

United States Government Securities in the foregoing statement with a par value of \$27,390,000 are pledged to secure public and other deposits where required by law, including deposits of the State of Michigan amounting to \$9,827,596.

• DIRECTORS •

WALKER L. CISLER President The Detroit Edison Co.
CHARLES A. DEAN, JR. President-Treasurer Dean Chemicals, Inc.
CHARLES H. HEWITT Executive Vice-President
RALPH HUBBART Chairman of the Board Allied Products Corp.
GEORGE W. MASON Chairman of the Board and President Nash-Kelvinator Corp.
JAMES McMILLAN Vice President and Treasurer Boyer-Campbell Co.
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HARRY L. PIERSON Chairman of the Board Detroit Harvester Co.
CLEVELAND THURBER Acting Chairman of the Board Senior Partner Miller, Canfield, Paddock & Stone
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38 Offices Throughout the City

MEMBER OF FEDERAL DEPOSIT INSURANCE CORPORATION

OVER ONE HUNDRED YEARS OF SERVICE

OUR NEW PLAN GIVES COMMERCIAL BANKS

Catastrophe Protection

AT REDUCED RATES!

Now you can have excess Blanket Bond protection (above a new table of underlying amounts, based on total deposits) in *any* amount you select—at considerably *lower* rates! And if you wish, you can limit the increase to employee dishonesty only. Furthermore, this extra amount can be made to apply to prior losses you may subsequently discover, *regardless of when they occurred*...something we have never before offered bankers!

All this makes it easy to fit a protective program exactly to your bank's needs.

for instance:

Suppose you want to increase your underlying blanket bond protection from, let's say, \$200,000 to \$400,000 and then you want to have excess protection against employee dishonesty of \$350,000 more. You can do this under our new plan! Previously, to get more blanket protection against employee dishonesty, you had to increase *all* your other protection by an equal amount.

Improve your bank's protection by taking advantage of our new plan! Our Bank Specialists will be glad to help. Call our nearest agent*, today!

**Our Agency & Production Department will quickly supply his name.*

AMERICAN SURETY

COMPANY 100 Broadway • New York 5, N. Y.

FIDELITY • SURETY • CASUALTY • INLAND MARINE • ACCOUNTANTS LIABILITY
AVIATION INSURANCE THROUGH U. S. AIRCRAFT INSURANCE GROUP
OF WHICH WE ARE MEMBERS



John R. Sears



Walter Brogdon

MAIN STREET (Continued)

WALTER BROGDON and JOHN R. SEARS have become vice-presidents of Republic National Bank, Dallas, Texas.

The First National Bank of Bellmore, New York, has become the Bellmore Office of the FRANKLIN NATIONAL BANK of Franklin Square. FRANKLIN NATIONAL now has offices in seven communities and has become Long Island's largest commercial bank.

Two executives of Harris Trust and Savings Bank, Chicago, retired on December 31. They are LYNN LLOYD, vice-president in charge of the trust department, and RICHARD E. PRITCHARD, vice-president and senior officer in the banking department. WILLIAM O. HEATH, vice-president, has been named to head the trust department. New vice-presidents are: LAMBERT W. BREDEHOFT, WENDELL C. GRIFFITH, and WILLIAM C. NORBY.

J. WALTER SMITH, cashier of the First National Bank, East Liverpool, Ohio, has received a certificate and a

Frederic A. Potts, *left*, president, and Norman T. Hayes, *right*, vice-president of The Philadelphia National Bank with Marion B. Folsom, *center*, Undersecretary of the Treasury and principal speaker at the bank's recent correspondent bank meeting which attracted over 900 bankers from 22 states, D.C., Puerto Rico, and 12 foreign countries



BANKING



T. I. Salamon



E. J. Erickson

gift from the Calvary Methodist Church there for not having missed Sunday School in 2,600 consecutive Sundays (50 years!). Presentation was made by Mr. Smith's nephew, who has perfect attendance record covering 22 years.

THEODORE I. SALAMON has advanced to vice-president at the Public National Bank and Trust Company of New York City.

EMMETT J. ERICKSON has been elected treasurer of the Farmers and Mechanics Savings Bank of Minneapolis, succeeding WILLIAM A. KRAMER, who retired at the year end.

LARKIN H. PARRIS, has retired as vice-president and general trust officer of the Citizens and Southern National Bank, Savannah, Georgia, and is succeeded by HARVEY HILL.

MILTON J. HAYES of the investment division of American National Bank and Trust Company of Chicago has been promoted to vice-president.

WILFORD V. WILSON, manager of the University Branch of the Washington Mutual Savings Bank, Seattle, is now vice-president and manager.

Harvey Hill

Larkin Parris



Milton J. Hayes



W. V. Wilson

A definite "must" for banks that maintain safe deposit facilities.

THE NEW *Combination Safe Depository Policy*

For full information concerning the valuable features of this newly-developed coverage, consult the F&D or ABCo representative in your community, or your own insurance broker.



Since 1890

Fidelity and Deposit

COMPANY OF MARYLAND

Baltimore, Maryland

AFFILIATE: AMERICAN BONDING COMPANY OF BALTIMORE

MAIN STREET (Continued)

The First Trust Company of Lincoln, Nebraska, has appointed as trust officer **ROBERT D. McNUTT**, attorney and state senator.

Tour for Training

RICHARD E. THOMAS and **WILLIAM I. SPENCER**, assistant vice-presidents of National City Bank of New York, are touring Latin America this winter as part of the bank's executive training program. The men left early in January to visit Panama, Colombia, Peru, Chile, Argentina, Uruguay, Brazil, Venezuela, Puerto Rico, and Cuba. In addition to points of industrial and cultural interest, the tour will include indoctrination visits at most of National City's 42 branches in the principal cities of South America and the Caribbean area.

MEMPHIS BANK & TRUST COMPANY has opened its newly completed main office in midtown Memphis, Tennessee. The new location features off-street parking with access to three streets. The former main office now becomes the downtown branch.

Subject to approval of stockholders and of Federal and state banking authorities, an agreement has been reached to merge the **EQUITABLE**



Members of Junior Achievement's Woodchiver's Company, manufacturers of wooden household key hangers, in the office of **Mark A. Brown**, president of Harris Trust and Savings Bank, Chicago, the company's sponsor. The group was entertained with a tour and luncheon in the bank

SECURITY TRUST COMPANY, Wilmington, Delaware, and the **FIRST NATIONAL BANK** of Dover, Delaware. Plans are for the merger to become effective on or about February 26, 1954.

At Fidelity Union Trust Company, Newark, New Jersey, **EDWARD S. ATWATER, III**, **ROBERT W. BRUCE, JR.**, **FRANK J. MCFADDEN**, and **FRANK R. GAETJE** were advanced to vice-presi-

dent; **JOHN S. BACHELLER** and **FRANK E. LOTT** were named vice-president—trust officer.

Finance Center Bank

MERCHANTS NATIONAL BANK & TRUST COMPANY of Indianapolis has opened a facility in the Army Finance Center building at Fort Benjamin Harrison. The facility will serve both military personnel and the more than 6,000 civilian employees. The building is the Army's second largest structure—second only to the Pentagon. It is about one-fifth of a mile long and an eighth of a mile wide. When all Army finance activities have been moved into the new building, the filing cabinets containing the pay records of every Army man from top General down to rawest recruit will equal more than 57 miles in length.

W. E. TOMLINSON, president of Hamilton National Bank, Johnson City, Tennessee, has been elected to the board of directors of the Nashville Branch, Federal Reserve Bank of Atlanta.

AUGUSTUS H. KENNEDY, chairman of the board of First Bank Stock Corporation, Minneapolis, has retired. The vacancy on the board will be filled by **EUGENE W. LEONARD**, vice-president, but the office of chairman is to remain unfilled for the present.

(CONTINUED ON PAGE 28)

At the opening of the United Nations Plaza Branch of Chase National Bank, New York, are, left to right: **Dr. Joseph Johnson**, president, Carnegie Endowment for International Peace; **Percy J. Ebbott**, Chase president; **John J. McCloy**, Chase chairman; **Noel Monod**, United Nations treasurer; **Dag Hammarskjold**, Secretary-General of the United Nations General Assembly; **David Rockefeller**, Chase vice-president in charge of metropolitan branches; **Charles Windish**, manager of the new branch



Writes Houston Bank
& Trust Company
of Houston, Texas...

"Productivity of our
Friden Calculators
wasn't realized fully
...until we discovered
the same personnel was
handling half again as
much volume as formerly."

(signed)

R. F. Krueger,
Auditor

Of profit interest to your bank is this
key fact about calculator output:

Exclusive features enable the
Friden to handle more steps in
figure-work *without operator
decisions* than any other calcu-
lator ever developed.

Call in your nearby Friden Man for
a demonstration. Friden sales, instruc-
tion and service available throughout
the U.S. and the world.

•Two Friden fully automatic Cal-
culators were purchased in 1949 by
Houston Bank & Trust Company
after comparison with other makes.
One was stationed at the Commer-
cial Note Teller's window, the other
at Customer Note Teller's window.

These Fridens did such a good
job of computing interest that the

Trust Department borrowed one of
the machines to try out on its own
work—proration and distribution
involving oil royalties and leases,
amortization, accruals, real estate
loans. Result was the purchase of a
third Friden, now used jointly be-
tween the Trust Department and
the Auditing Department.

Comments Auditor Krueger:

"Our Fridens are easy to operate...

"We are amazed by their speed and
accuracy...

"We give our Fridens a tough work-
out and they have proved to be
rugged and sturdy calculators...

"When service has been needed, it
has been rendered efficiently."

Let the **Friden** Calculator do your bank figure-thinking

THE THINKING MACHINE OF AMERICAN BUSINESS

MORE GADGETS

The never-ending parade of gadgets continues to infiltrate our business. They seem to pop up where we least expect them, and if they work they quickly become an integral part of our procedures. If they don't work, they are quickly discarded and someone spirits them away.

Apparently the reason why we develop so many gadgets is because everyone in our organization wants to get into the act and contribute something to make the job easier. Surprisingly enough, most of them work and we are convinced that their use provides us with the plus factor that enables us to make a profit somewhat greater than normally could be hoped for in

our particular type of business.

We suspect also that they help us to provide our customers with greater value and better workmanship, because they literally force us to produce within closer tolerances. Conventional equipment will turn out bank checks, but with gadgets we turn them out just a little better . . . just a little faster.

We count ourselves fortunate indeed to have such an alert, interested group of people who are able to engage in tolerant debate and come up with the answers. The gadgets represent the end result of their combined abilities to think a thing thru. May the parade continue!



Manufacturing Plants at:

CLIFTON, PAOLI, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

Condensed Statement of Condition

The Barnett National Bank of Jacksonville

Report to Comptroller December 31, 1953

RESOURCES

CASH and Due from Banks	\$37,583,471.71	
U. S. Securities	38,078,153.68	
Obligations of Federal Agencies	1,307,832.00	
Listed, Municipal and Other Bonds and Securities	1,331,019.67	
Accrued Interest	290,309.81	78,590,786.87
Loans and Discounts		30,013,228.19
Overdrafts		2,486.89
Customers' Liability for Letters of Credit		66,258.50
Bank Premises, Furniture and Fixtures		1,791,270.40
Other Resources		27,589.07
		\$110,491,619.92

LIABILITIES

Capital	\$ 2,000,000.00	
Surplus and Undivided Profits	4,274,332.47	6,274,332.47
Reserve for Dividend Payable January 1, 1954		30,000.00
Reserves		1,206,118.72
Letters of Credit		66,258.50
Bills Payable		NONE
Other Liabilities		43,314.47
Deposits		102,871,595.76
		\$110,491,619.92

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



R. W. Fender



W. M. Massie

MAIN STREET (Continued)

The Fort Worth (Texas) National Bank has announced the retirement of W. M. MASSIE, honorary chairman of the board and vice-president, and R. W. FENDER, vice-president and assistant trust officer. Both will continue as members of the board. MR. MASSIE has been with the bank for over 63 years. MR. FENDER has been with the bank since 1904.

The SOCIETY FOR SAVINGS, Hartford, Connecticut, is adding two stories to its main office. A feature of the construction will be movable partitions which can be quickly rearranged. Also, part of the top floor will be used temporarily as a roof garden, convertible into office space.

ROBERTS BLOUNT, president, The Bank of Tallassee, Alabama, tells BANKING that the murals recently installed in his bank have brought "more compliments and appreciation . . . than for any one thing we have done for our institution." The four murals depict the development of Tallassee. The project was started by artist Kelly Fitzpatrick, who died before completing the first of the four scenes. Arthur Stewart com-

The Groton (Conn.) Savings Bank held open house in this new home, and at the same time celebrated its 100th anniversary



BANKING

pleted the panels. Three years of work went into the project.

PEOPLES BANK OF CLAYPOOL, Indiana, is keeping as a permanent record the guest book containing signatures, cards, telegrams, letters, and pictures of the open house held recently to celebrate its 25th anniversary. The bank was decorated for the occasion and silver favors were given to all attending.

UTICA SQUARE NATIONAL BANK, Tulsa, Oklahoma, held a Sunday open house so that the general public might be able to see three displays: the Federal Reserve currency exhibit consisting of 10 panels depicting currency history from pre-Civil War days to the present; a complete scale replica of the \$20-million plant of the Grand River Chemical Division of Deere and Company being erected at Pryor, Oklahoma; and a replica of Tulsa's new multi-million-dollar UHF TV station.

In celebration of its 100th birthday, the FIRST MERCHANTS NATIONAL BANK & TRUST COMPANY of Lafayette, Indiana, published an anniversary brochure and held a dinner for which invitations were sent to all stockholders and their wives or husbands, to all local bank presidents, neighboring country banks, and correspondent banks in Chicago, Indianapolis, and New York. Employees and husbands and wives also attended.

BANK OF PATIALA, located in Patiala, a city of nearly 70,000 in the state of Pepsu, India, has ordered a drive-in window from Mosler Safe Company. The company says that this is the first drive-in to be shipped to that country.

ALFRED C. ACHTERT has been promoted to assistant cashier of the Market Street National Bank of Philadelphia. He's a member of the board of directors of Philadelphia Chapter, American Institute of Banking; chairman of the Chapter's publicity committee; and an alumnus of The Graduate School of Banking.

ERNEST S. STONE was appointed secretary of the Providence (Rhode Island) Institution for Savings.

Why

HAMMERMILL BOND

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They turn out neater, easier-to-read letters—with less effort. And the erasure-proof surface takes clean corrections easily.

Businessmen say it looks better!

Executives like the distinctive look Hammermill Bond gives a letter... the way its brilliant new blue-white invites readership.

Printers say it prints better!

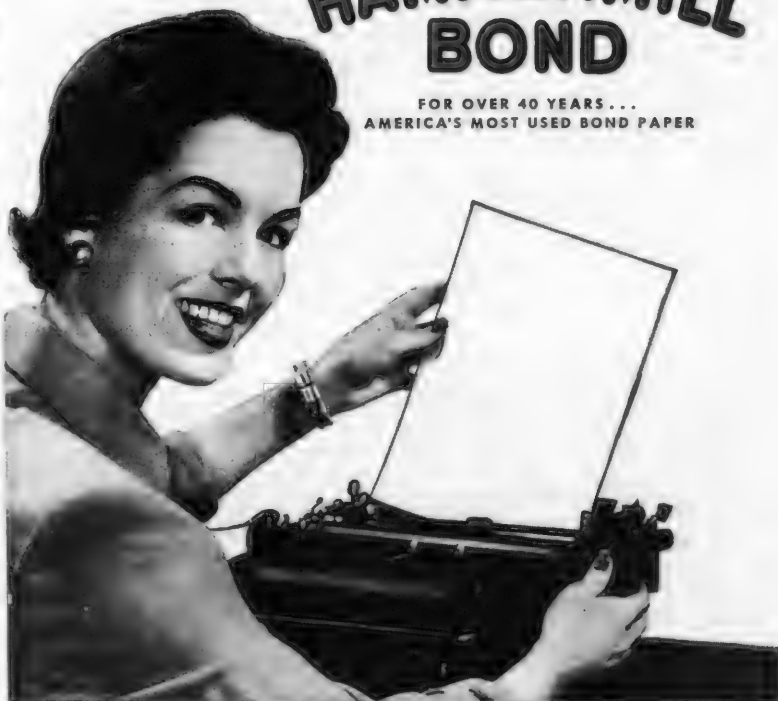
Printers know they can count on Hammermill Bond for sharp, clean results every time, because this famous paper has had superior printing qualities for 42 years.



You can obtain business printing on Hammermill papers wherever you see the Guild shield on a printer's window. Meantime, write on your business letterhead for a free sample book showing Hammermill Bond in white and colors. Hammermill Paper Company, 1501 East Lake Road, Erie 6, Pennsylvania.

HAMMERMILL BOND

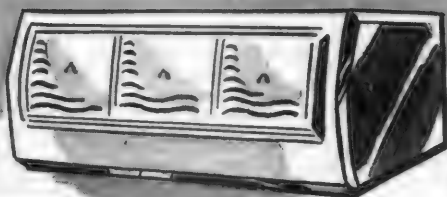
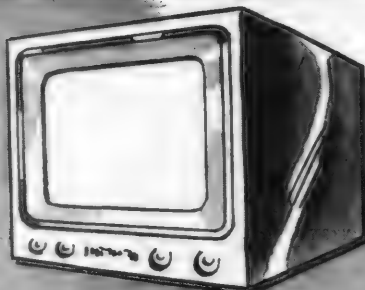
FOR OVER 40 YEARS . . .
AMERICA'S MOST USED BOND PAPER



Borrowers' Capital in Inventory?



USE FIELD WAREHOUSING



FOR SECURE LOANS

Marketable assets stored on the manufacturer's or distributor's own premises can be collateralized by field warehouse receipts to enable you to lend safely in excess of open line limits. On loans of this type, it is of the utmost importance to have exact knowledge of the quantity, age, value and rate of movement of the inventory. New York Terminal Field Warehousing service provides this complete inventory control. Our experience is extensive—our integrity established—our service is a quality service, complete, economical and safe.

This could be the solution to some of your loan account problems. A call will bring a qualified representative, without obligation, to give you additional information or assist you in reviewing any inventory situation. Use New York Terminal Warehouse Receipts—they enable you to extend maximum credit with minimum risk.

NEW YORK TERMINAL WAREHOUSE



25 South William St., N. Y. 4, N. Y.

OPERATING OFFICES IN PRINCIPAL CITIES

INDUSTRIAL NATIONAL BANK, Detroit, is renting the seven-story Stevens Building across the street from its Washington Boulevard office and will move over.

Vice-president JOSEPH A. TIGHE has been placed in charge of the Hoboken branch of Hudson County National Bank of Jersey City, New Jersey. He succeeds THEODORE B. FURMAN, who has left the bank to engage in private business. Mr. FURMAN continues as a director.

EARL P. PARIS, who retired on January 1, 1953, as vice-president and manager of the New Orleans Branch of the Federal Reserve Bank of Atlanta, has joined the investment banking firm of R. S. Hecht & Co. of New Orleans as manager of its bond department.

L. DAVID HORNER, JR., has been elected president and W. D. HODGES senior vice-president of the Peoples National Bank & Trust Company of Lynchburg, Virginia.

Proven Popularity

"PRESENTED to Security State Bank, Moreland, Oklahoma, in appreciation of 50 years service to our community, by appreciative patrons." This inscription appears on a plaque presented to the bank on its 50th anniversary.

When word got around town that a few of the bank's customers were being given an opportunity to contribute toward the purchase of this plaque, the number wanting to contribute was so large that donations had to be limited to just a few cents each to insure against getting a lot more money than was needed.

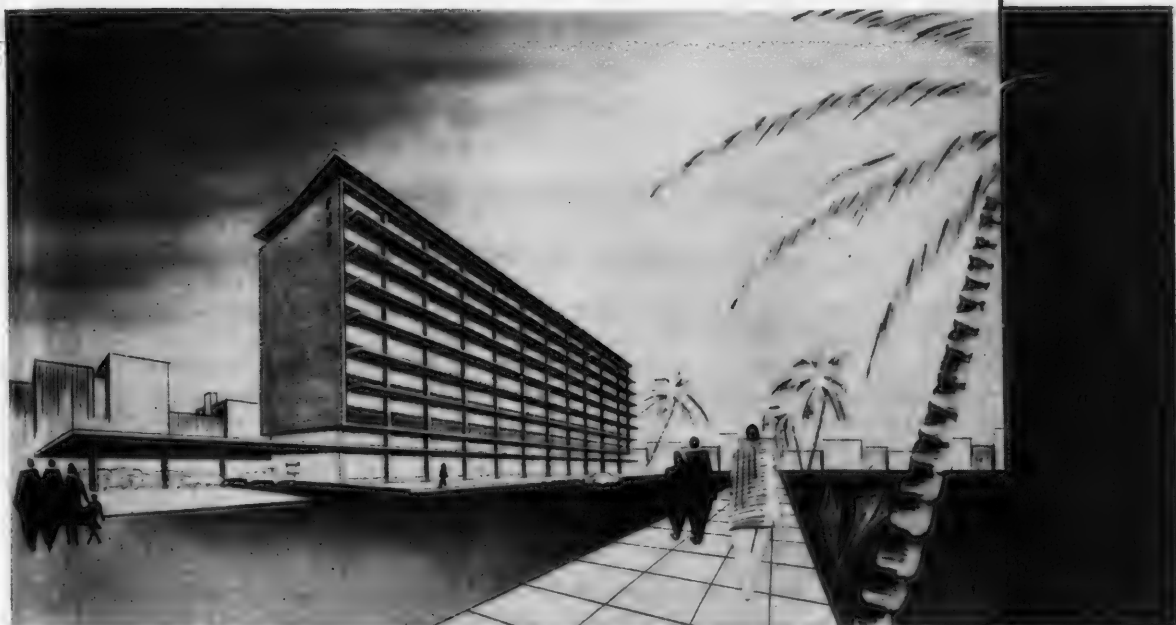
(CONTINUED ON PAGE 153)

Plaque presented to Security State Bank, Moreland, Oklahoma. See story above



FINANCIAL INSTITUTIONS

who still want to grow...



One in a series of proposed financial buildings developed in
The Cunneen Company, Architectural Department.

Progressive banking demands sound planning today... to meet tomorrow's needs.

Selection of your designer is the most important decision you make in successfully starting and finishing your project. This decision will show its effect for many years in both business growth and customer relations. Your new building or remodeling plans deserve and should demand the services of an organization whose special experience lies in the financial field.



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Did you know?

... that the Tariff Act of 1913 contained the first constitutional income tax law? ... that the Act of July 1, 1862, is largely the basis of our present system of federal taxation? ... that this Act created the office of Commissioner of Internal Revenue? ... that when a federal tax statute delegates specific authority to the Commissioner, his regulations have equal force with the law itself? ... that, under like circumstances, Treasury Decisions also have the full force and effect of law?

Federal TAX GUIDE REPORTS

**For the Federal Tax Problems of the
Average Business or Individual . . .**

Federal tax rules which have been consistently employed over the years become suddenly obsolete — by court decision, change in regulations or new legislation. Changes are numerous, oftentimes subtle. The volume and frequency of far-reaching developments in the field of federal taxes stir up questions and doubts and problems that must be settled — and settled correctly, soundly, if mistakes and troubles, delays and difficulties are to be avoided.

... But sound, dependable answers to the puzzling questions involved in significant federal tax changes call for a sound, dependable source of continuing facts and guidance . . . and here it is!

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For CCH's Federal Tax Guide Reports span the whole work-a-day world of federal taxation for revenue — statutes, regulations, rulings, court and administrative decisions, returns, forms, reports, instructions. Pertinent full texts, filled-in forms, detailed explanations, editorial comments and suggestions — plus a wealth of friendly hints, tips, knacks, and pointers, from week to week, make clear exactly what to do, and how and when and why.

Concise, compact, understandable, here is the dependable reporter on the federal taxes of the ordinary corporation, the average individual, partnership, or business. Two Loose Leaf Compilation Volumes are included without extra charge to start new subscribers off on the right foot.

Write for Complete Details

COMMERCE CLEARING HOUSE, INC.

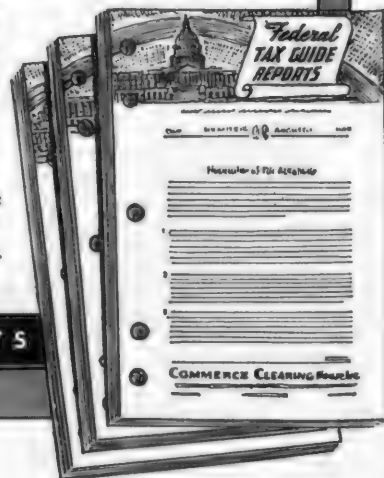
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The OUTLOOK and CONDITION OF BUSINESS

BUSINESS for the first half of 1954 will continue to be good, but on a level slightly under that for the previous year. This was the consensus of approximately 225 representative bankers from all important trade areas of the country, according to a survey made at the end of 1953 by the Credit Policy Commission of the American Bankers Association.

The survey also indicated that there would be no basic change in the demand for bank credit from that experienced during the last half of 1953. It was generally felt that most lines of business, making allowance for seasonal factors, would probably need about as much bank credit as in the year just ended. However, the survey revealed that some geographical areas, specific industries, and particular kinds of loans may experience a moderate reduction in credit demand in 1954.

The survey further pointed to the availability of credit to borrowers in all Federal Reserve districts. The impression derived from reports of bankers all over the country is that they are willing and eager to lend. They regard the credit situation as being basically sound. Evidences of weakness which have developed in some lines in recent months are not a new element in the credit picture. In a dynamic economy there are constant changes. Some lines forge ahead while others recede, and new industries are always coming into being.

Banks have recognized the importance of being a continuing source of sound credit for business when it is needed. This means a willingness to make credit available even when business recedes from extraordinary peak levels.

The survey also gave evidence that bankers regard the year 1954 as a potentially significant period toward shaping the future course of the economy. The recent moderate tapering off of business activity from unprecedented levels is not generally being viewed as a prelude to a serious cyclical downturn. Rather, there is a basic feeling of confidence in the fundamental strength of the economy and an awareness that the maintenance of such confidence is necessary to prevent readjustments

in some lines from proceeding further than is necessary.

As a whole, inventories appear to be somewhat excessive, although a determined effort is being made to bring them into line.

Interest rates, generally, appear firm, although there might be some softening of rates for national accounts. There is also, of course, a possibility that rates might be lowered if the prime rate is eased in New York, Chicago, or other large centers.

The following paragraphs are a summary of some of the thoughts of bankers participating in the sampling, and reflect these individuals' personal opinions.

Boston Federal Reserve District

GENERALLY, the prospective business conditions in this trade area for the first six months of 1954, as compared with the first half of 1953, should be slightly lower. There are signs of retrenchment in certain industries, with other industries enjoying a continuation of good business.

Production is still at a high rate in the aircraft industry and should remain at that level because of present backlog and incoming orders. There exists the possibility that, due to cut-back and stretch-out of defense expenditures, the volume of work let out to small machine shops, part suppliers, etc., may be curtailed.

In the predominantly textile centers of New England, the liquidation of several large woolen and worsted textile mills and the moving of certain others to the South have hurt certain communities. This trend away from New England has slowed down. Textiles, in an effort to recover, are still meeting resistance and stiff competition from other areas. Other industries are coming into this area which, given time, might work out beneficially.

The electronics industry continues to develop and is rapidly becoming a very important factor. The shoe business, with keener competition, ended the year 1953, nevertheless, strong. Granite monument manufacturing enjoyed a volume of new business about equal to 1952,

but collections proved slow. The fishing industry also suffered somewhat. Agriculture, poultry and dairy farming still remain strong.

Loans are at a high level and should continue during the first half of 1954. The totals, however, should prove somewhat less than for last year. Home and other construction should be down. The real estate market has softened somewhat, with some indications of overbuilding. New home construction is concentrated chiefly on lower-priced units. The trend of consumer lending has steadily increased, but there appears indication of some lessening in demand. Agricultural lending should continue strong. Commercial and other lending should continue about the same, with some downward adjustment in some industries.

The overall credit situation is good. There is plenty of money available for lending in all fields, and loan demand appears strong.

New York Federal Reserve District

FOR the first half of 1954 there are indications that business here might be moderately below the first half of 1953, even with high consumer incomes continuing. Retail and wholesale trade should be satisfactory. Manufacturing will be more competitive, with profits lower.

In view of the indicated level of business and commodity prices for the next six months, there should be a moderate decrease in the demand for bank credit as compared with the same period in 1953. There should be some increase when measured against the last half of 1953.

There should be a moderate drop in the volume of mortgage lending for both home and other construction. In some areas there will be considerable construction of office buildings, plant, and equipment, the financing of which has virtually all been arranged. Owners are calculating costs much more carefully. In connection with consumer, agricultural, commercial, and other lending there appears to be no significant trend.

The general credit situation at the present time is satisfactory. All indications point to a slight decline in industrial activity and some readjustments in particular industries, notably automobiles and other consumer durable goods.

Philadelphia Federal Reserve District

BUSINESS conditions in this area for the first half of 1954 will be slightly less favorable than for the same period in 1953. Emphasis was given to the fact that business was extremely competitive and required more strenuous selling methods.

The demand for bank credit for the first six months of 1954 probably will increase slightly over the volume of 1953. The trend in connection with mortgage lending for home construction would appear to be somewhat down. The prices of older houses were approximately 10 percent to 20 percent from the peak. The larger tract builders also were reported as slowing down their activity. It seems there will be a continuation of present lending for other types of construction. Although new projects have somewhat diminished, there should be considerable construction of public works and school buildings.

BANK EARNINGS

BANKS had a good year in 1953, too.

Reflecting the records broken by American business in production, trade, and employment, the banks' annual reports, as this issue of **BANKING** went to press, showed general gains in net earnings despite the higher charges against income that are the problem of all business.

The credit requirements of the country's commerce and industry in a boom year meant, in many cases, record loan totals. Somewhat higher interest rates during part of the year contributed to the more satisfactory results for the banks.

Lending for the purchase of consumer goods is increasing somewhat. Loans for agricultural purposes probably will continue at the same volume as last year. All other types of lending are expected to follow the same pattern.

The general overall credit picture in this district is relatively good. Collections are not difficult. There are a few weak situations which, undoubtedly, will be corrected. Sales volume is holding up, but there is evidence of transition taking place from a seller's market to a buyer's market.

Cleveland Federal Reserve District

REPORTS are not indicative of any substantial decline in general business conditions from levels attained last year. In Ohio, however, the key industries—iron and steel—now are operating at a capacity of 85 percent, as compared with over 100 percent a year ago. It is expected that this rate may drop a little lower before stabilizing. War orders have been cancelled or "stretched out," and there is a heavier dependence on civilian business and an easier situation in plant capacity and work force. Other industries are redoubling their sales efforts and revamping their sales policies and sales terms, in order to remain as near as possible to capacity operation.

The machine tool industry is one of the dominant ones in Ohio. The backlog is being reduced, particularly on standard tools, and production will decline gradually throughout the year. Very large tools and highly special labor-saving tools will slacken more slowly. Employment has been very tight in this industry.

There seems to be a divided opinion as to what the demand will be for bank credit for the first six months of 1954. Some believe that the demand will be higher, due in part to the operation of the Mills plan taking 90 percent of the tax payment in the first half. It was felt that a slowing down on business also would mean more borrowing by businessmen to carry slowly liquidating inventories and to cover more liberal terms of payment.

With the exception of agricultural lending and commercial lending, it was expected that some increase in lending activity would take place. For example, it was pointed out that there has been a particular demand for

credit for large-scale projects, such as shopping centers, etc.

The general credit situation in this District is excellent. The slight increase in delinquencies and in failures of small business are not of sufficient consequence to establish a trend.

Richmond Federal Reserve District

It seemed to be felt that prospective business conditions in this area will not be as favorable during the first half of 1954 as they were during the year 1953. Some, however, expressed the belief that business will be as good, if not better. For example, in the Baltimore trade area, which enjoys considerable diversification, many medium-sized to small manufacturing establishments are experiencing good business. Baltimore has one of the most active ports, and port activity continues to be good, although 1954 will probably be down from 1953. The largest business in this area, from the standpoint of the number of employees, is steel. While it is expected that the national figures on steel output will be down, the decline will not be nearly as great in this area. Ship building will be down slightly from 1953. On the other hand, airplane manufacturing should continue at the same volume.

Certain sections of Maryland are considered to be a "suburban bedroom" for Washington, D. C. Hence, new home construction is probably the largest single enterprise, although the demand is somewhat down and likely to remain so during the balance of the year. Development of suburban shopping areas, some of them large, is a significant development, and they are prospering at the expense of business districts in more congested areas. Many small research laboratories, machine shops, and electronic industries, mostly in Government work, have located in this area, bringing more scientists with them and employing many people. The agricultural problems in this area have been pretty well solved. Farmers are not in difficulty.

Opinion seems to be somewhat evenly divided as to what the demand for bank credit will be during the first six months of 1954.

Home construction is expected to be down. Some builders are carrying unsold houses for a longer time and are selling them at a much lower down payment. In some areas, industrial building is continuing to expand at about the same rate as in previous years, and it is expected that the trend will continue. In other areas, the trend on construction other than housing has been on the downward side.

Consumer lending appears to be tapering off. Agricultural lending also has been down somewhat in certain areas and little change is expected. In some localities due to the fact that the farmer did not liquidate his 1953 loans as rapidly as he should, it is expected that the loan volume in the first part of the year might be somewhat higher. Commercial and other types of lending, for the District as a whole, probably will continue at about the same level.

It is the consensus that the general credit situation is satisfactory. There are indications in some areas, however, of overextension, but lending agencies are attempting to remedy these situations.

A few farmers will have to be carried over into the fall of 1954. Several large retail appliance stores failed

in the District of Columbia area, with final liquidation expected to be less than 20 percent. The small businessman, both at the retail and manufacturing level, is beginning to have difficulties. Sales are off and collections are slowing down.

Atlanta Federal Reserve District

It is expected that business conditions, generally, in this trade area, will be satisfactory. Oil activity in Louisiana is on the increase. New Orleans is definitely becoming the oil capital of this southern area. New industries, chemicals, aluminum, etc., should help tend to stabilize the economy in the New Orleans area. In Tennessee most well managed industries are operating close to capacity, but there are some soft spots in textiles. Unfilled orders are not as large as they were a year ago.

The demand for bank credit for the first six months of 1954 should be approximately the same as in recent previous years, although there is indication in some areas that the demand will be somewhat less, especially from such sources as cotton, rice, and sugar merchants.

Home construction has declined, and so has the financing of such construction. The smaller contractors have had difficulties. Public, industrial, and commercial building have been high, but contractors say their future bookings are not as large. It is expected that there will be some decline in the financing of this type of construction.

Consumer lending has been expanding and, in some instances, is getting on an unsound basis. Farmers are being very careful about borrowing money. Commercial lending is expected to be approximately the same, with a tendency to decrease. This is true also of other types of lending.

The general credit situation is still good. While there is considerable debt outstanding, it does not seem to be out of reasonable proportion to activity and earnings, although there are, of course, exceptions. Caution seems to have been the watchword during the past 18 months in many fields and probably will receive more emphasis in 1954. Ample money is available and competition has become very keen.

Some farm loan paper will have to be carried over due to unsatisfactory crops caused by dry weather. Some small contractors have had financial difficulties and are slow in trade.

Chicago Federal Reserve District

It is estimated that business in this District for the first six months of 1954 will be at a very satisfactory level. The machine tool industry has a somewhat lower backlog, but production levels still are high. Most industries are operating on a 40-hour basis, although a few are showing temporary lay-offs over the yearend. Even with the reduction in volume most industries are expecting a satisfactory year in 1954, although profit expectations are lower than in 1953. Reduction of overtime pay, as well as the expiration of the excess profits tax, will aid in this respect. Because of the somewhat lower volume of production and sales, many companies will have to watch their break-even points closely and be prepared to trim expenses. The steel and auto industries have shown a slackening of pace, with surpluses on the market.

In Michigan, some foundries are operating on part-time only in recent weeks as auto production declined. In Iowa, cattle feeding is one of the principal industries and it is reported that there is less activity in this field than there has been for years. Farming otherwise appears to be on a conservative basis. The publishing business is continuing at a high level. The same is true for the insurance business.

The demand for bank credit for the first six months of 1954 is expected to be somewhat less than in the first half of 1953.

The general credit situation throughout this District appears to be reasonably good. There are a few soft spots but not of sufficient volume to be of consequence. Real difficulties appear imminent for marginal businesses. It is apparent that collections are requiring more effort because of less overtime pay and some increase in unemployment. Most credit is on a reasonable basis. On the whole, however, this District appears to be strong enough to ride out any adjustments without serious dislocations.

There are some types of loans which are causing concern. There has been an increase in instalment loan delinquencies in the past several months. The situation, however, is not too serious at this time. Some banks have had difficulty with feeder loans. Also, loans to dealers and distributors of farm equipment and heavy equipment are proving troublesome.

St. Louis Federal Reserve District

BUSINESS conditions in this District, for the first half of 1954, as compared with 1953, will be moderately lower, it is anticipated. Agricultural production for the year 1953, as a whole, was above the average level for

Copies of the 1954 budget make a double armload as they arrive at the Pentagon for distribution to military officials



UNITED PRESS

the past 10 years. On the other hand, pasture production was off sharply and there was sizable reduction in the hay, soybean, corn, and dark tobacco crops. This production record was made despite a prolonged drought covering most of the District. Generally falling prices for most agricultural products reduced monetary income for the farming areas.

The demand for bank credit in this District in the first six months of 1954 should be approximately the same as at the present time, although there are some areas in which the demand will be moderately less.

Home construction lending will be about the same. People still want to buy homes if the price is right and mortgage terms are attractive. Lending on other types of construction will be approximately the same. Consumer lending undoubtedly will be somewhat lower. People seem to be more cautious in their buying and in obligating themselves. Home improvement paper continues to increase, but at a slower pace. Agricultural lending will show a moderate decline. Equipment financing, however, has been greatly reduced. Commercial and other lending should continue on about the same level as last year.

The overall general credit situation in this District is moderately good.

Minneapolis Federal Reserve District

THE prospective business conditions in this District for the first six months of 1954 are good. There are many favorable factors, and business as a whole should be on a very satisfactory basis.

This is primarily an agricultural area. The income of the farmers, however, for the past few years has been going down steadily. The position of flour millers is slightly better than it was a year ago. Business in this area has been moderately stimulated by the development of oil in the Williston Basin, western North Dakota, and eastern Montana, and by increased activity in iron ore mining in northern Minnesota through plants being built to mine and refine low grade iron ore known as taconite. Three of the leading mining companies are already committed to spend \$700,000,000 for capital expenditures during the next few years.

A pipeline carrying crude oil from Edmonton, Canada, to the head of the lakes has been completed and, as a result, two refineries have been constructed in northern Minnesota. In Montana, copper mining is one of the principal industries and the price of copper is holding fairly steady. However, the price might soften because of the Government's agreement to purchase about 120,000 tons of copper from Chile. If this amount were thrown on the open market, it naturally would affect prices, but there seems to be an opinion that it may be used for stock piling. Zinc is suffering greatly on account of the big decline in price.

For a number of years the rise in prices was such that many operators in the livestock business were not compelled to watch operating expenses very closely, and some of them have now become caught in the price decline. Many of them have had to obtain long-term loans on their land and apply the proceeds on their livestock obligations to keep these loans in line with current values. Collections require more effort than in the past and there has been a moderate increase in delinquencies.

The demand for bank credit for the first six months of 1954 will be good. It is expected that loans for the payment of income taxes in the first quarter of 1954 will, to some degree, offset the decline in agricultural loans.

Mortgage lending for home construction will probably decrease somewhat. Loans for other types of construction probably will continue at the same level. The development of the taconite and oil industries will tend to stimulate other commercial activities in Minnesota. There also is a fair development of suburban areas, including shopping centers, etc. Consumer lending has about reached its peak and might show a slight decline in 1954.

The trend of commercial lending appears to be slightly downward for several reasons. Generally speaking, business is in a period of readjustment. Defense spending has been reduced. Plant capacity, generally speaking, is now adequate.

The general credit condition is reasonably good, although there are some disturbing factors. The retail automobile business is suffering from a lack of profits and a number of agencies have been forced into liquidation, and more undoubtedly will follow. The farm implement dealer is facing somewhat of a problem, and some have been holding auctions in order to raise some cash to pay bills.

Kansas City Federal Reserve District

BUSINESS conditions, generally, are considered sound in this District, and prospects for the first half of 1954 are considered good. The level of activity probably will be slightly under that for the year 1953. This is due primarily to the lower purchasing power of the farmers, brought about by the drought and decline in cattle prices.

Agriculture is one of the basic industries in this District. At the moment, the crop situation for this year appears to be much more favorable than a year ago. Generally, the agricultural industry seems to have behind it its worse period in some years. Continued good economic health of other key industries, such as meat packing, soap making, aircraft, and automobile assembling, seems to be promising. The milling industry is expected to run at about last year's level, but with little improvement in profits. Foundry operations will be at lower levels as a result of cutbacks in demand for diesel locomotives and decline in construction. In certain areas the oil industry is predominant and currently is suffering somewhat from excessive inventories, both in crude and in finished products.

While there has been a substantial continuous growth in home construction in this District since the close of World War II, it is felt that current trends indicate some softening in this category of construction.

Commercial construction continues on a relatively high plane and should continue through the first half of 1954. Consumer lending demand undoubtedly will equal or exceed the demand in 1953. This, however, will depend to some extent on the employment situation. There has existed some apprehension of lay-offs from employment, and the prevailing feeling is that of being able to purchase later for less.

The general trend of credit demands from agriculture



The complex Korean situation, military and economic aid to our allies and other nations not behind the Iron Curtain, our tariff policies — all have an effect, though sometimes not fully apparent, on business along Main Street. Above, Secretary Dulles briefs newspaper reporters at a Washington press conference

in this District probably will be reasonably strong but might be curtailed to some extent by the effect of price declines for agricultural products. Generally, there has been a steady demand in commercial and other lending fields.

Some increase in oil loans is anticipated.

The general credit situation in this District appears to be good. There is a possibility that some loans held by banks will work into a slower classification. Generally, however, credit from the banking standpoint, is in good balance.

It was indicated that there has been some increase in delinquencies, particularly in connection with consumer credit. Lendable funds are adequate to take care of the demand for credit in all fields.

Certain types of loans have caused some concern. Loans, for example, secured by livestock, have proved to be a problem. It is believed that most of the difficulties, however, have been solved.

Dallas Federal Reserve District

FOR the first six months of 1954 prospective business conditions will be good. While business activity in 1954 should be slightly under 1953, the economy is in good shape and many new developments will prove beneficial; for example, the expansion of the Gulf Coast petro-chemical industries continues at a sharp pace. Agriculture predominates in many areas in Texas. Part of it suffers from two to four years of drought, with reduction in cotton acreage and the uncertainties of price support. However, the production and milling of rice are at a high level of activity, with cattle production fairly well stabilized.

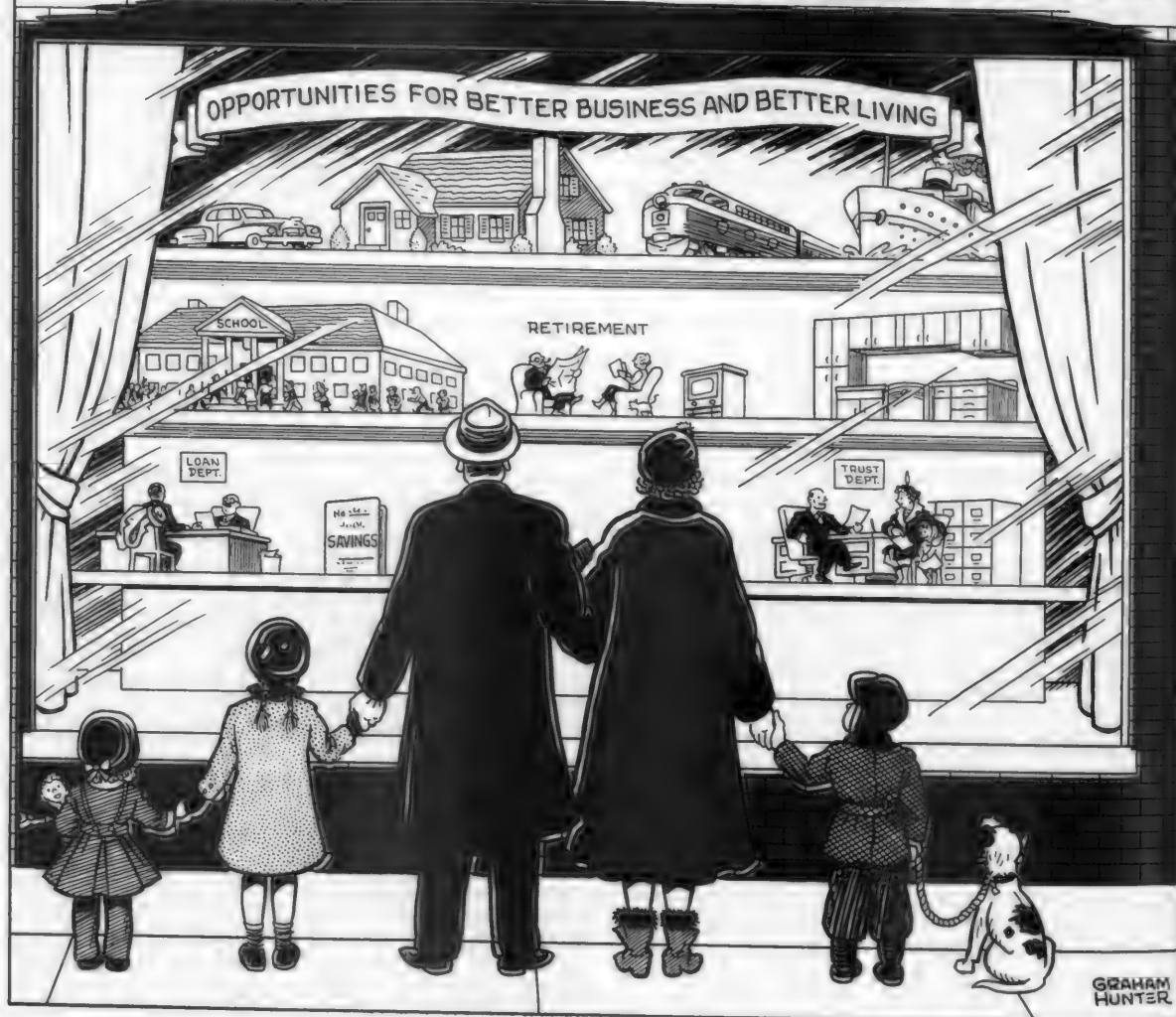
It is anticipated that the development of the oil and gas industries will be level with 1953, unless there is a decline in the price of crude oil. If final settlement of the tideland question is favorable to the states, much offshore drilling will be stimulated, with attendant activity in drilling barge construction and other allied develop-

(CONTINUED ON PAGE 172)

TO THE AVERAGE FAMILY A BANK IS JUST A GOOD SUBSTANTIAL BUILDING —



NOW FOR A 3-DIMENSION LOOK AT WHAT A BANK REALLY HAS FOR SALE!



GRAHAM
HUNTER



UNITED PRESS

The President delivering his State of the Union Message. Seated behind him are Vice-president Nixon (left) and House Speaker Martin

The President's Program

LAWRENCE STAFFORD

GOVERNMENT will spend a great deal more money than it collects for at least another 18 months, but with one important difference. Total spending will be substantially lower.

This is perhaps the outstanding near-term development appearing as the Eisenhower Administration works into its second year.

For at least the next several weeks, the dominant monetary issue in Congress is likely to be Federal finance. Congress will be debating the statutory debt limit, defense spending, and taxes. These facets of the Federal financial problem are very likely to exclude most other monetary issues.

Perhaps the biggest surprise of the season to close observers was the firmness with which President Eisenhower stuck to the proposal to cut more than \$5-billion from spending during the year which begins July

1, as compared to the year ending June 30.

Only a few months ago the signs for governmental economy were discouraging. Last fall certain elements in the Administration were talking as though Russia had developed not only atomic weapons on a huge scale but means to drop them on American cities. The President even talked of countering this threat, and he emphasized the importance of collective security. The Administration at that time plainly was being urged to sustain foreign aid and military expenditures at not less than current-year levels.

Mr. Eisenhower's new budget reverses this outlook. The bulk of the substantial cuts in proposed expenditures are in "security" objectives.

In the sphere of nondefense spending, Congress's performance this year may not be so good. It is likely,

in an election year, to be solicitous of the pressure groups.

Since "security" spending constitutes 70 percent of the budget, if cuts in this field hold through final enactment the outlook for economy is good.

Such cuts will probably hold, is the preliminary guess of informed observers. A considerable outcry was raised that the United States is weakening its position against the potential Red aggressor. However, in view of the desire of Congress to provide tax relief, it may be doubted that, even if there is a concerted move to push up defense spending, it will succeed.

Seeks Cash Balance

The Administration is proposing to curtail actual disbursements down below the level of \$68-billion for the next Treasury year. And it aims to achieve a "cash balance."

There is a surplus of about \$4-billion per year between what the Treasury collects for old age security and other trust fund purposes, and what the Government pays out for these purposes. It is this \$4-billion of net cash intake which the Administration hopes will make possible a "cash balance" of the entire budget in 1955. In short, the Administration hopes (1) to take from the public for all purposes as much money as it pays out for all Federal purposes, and (2) to budget an actual or legal deficit of about \$4-billion.

Goal Depends on Holding Tax Receipts

If this goal is to be reached, however, it will require that Congress provide the Government with at least as much revenue as the Administration recommends. Mr. Eisenhower wants the higher excise and corporation income taxes, due to expire, to be continued.

The President is willing to consent to scores of tax adjustments as part of the general revision or reform bill upon which the Ways and Means Committee is now working. This bill might not reduce revenues, particularly if it provides a sufficient stimulus to business to offset temporary or apparent small cuts in tax burdens other than in rates.

However, unless tax revenues are held around \$64- or \$65-billion, the near-term goal of a cash balance of the budget at the lower total level of spending will fail. In other words, the bookkeeping or actual deficit could turn out to be much greater than \$4-billion in fiscal 1955.

The Administration's hope is that the long-desired reform in tax laws will help to "keep the Treasury whole." It is hoped that tax reform will serve to dampen the normal election-year drive for tax reduction, or to help the Treasury to achieve the cash balance.

Congress Is Tax-Cut-Minded

Conditions at this early stage do not look propitious for this enterprise. Experienced members of Congress think it is entirely possible that, instead of keeping tax legislation reasonably under control, Congress is more likely to do one of the following:

First, in either the House or Senate, broad tax relief might be voted. This could take the form of a rais-



ing of personal exemptions or lowering the rate of personal income taxation, or both, and perhaps also of reducing several rates of excise tax. In such case tax legislation might be sent to committee for an unofficial burial to avoid shorting the Treasury of revenues.

Second, such heavy tax reductions might go through both Houses, and be sent to the White House. This would confront President Eisenhower with the difficult political choice of vetoing a tax relief bill in an election year or approving it and thereby clearing the way for a heavier deficit.

Seasoned observers on Capitol Hill think that it would require far more restraint than is in the cards under the present precarious balance of political power to anticipate hopefully that Congress will give the President what he wants on tax matters.

The current difference of opinion as to whether the tax-revision bill should be kept separate from the question of tax rates and what to do about expiring rates of tax will be washed away by time. Tax reform under the most favorable circumstances could hardly pass both Houses before March 31 when the higher rates of tax automatically expire, unless Congress takes affirmative action to continue them. Thus time ultimately will join the two issues anyway.

If No Bill, Taxes Go Down

So if tax legislation falls by the wayside in either House or is vetoed, then certain rates of taxes will go down on statutory schedule. On April 1 the rate of corporation in-

come taxation would drop to 47 percent from 52 percent, and at the same time excise tax rates would drop on tobacco, liquor, automobiles, and various other commodities.

By itself, this development would worsen the Treasury's position by \$2-billion, suggest a cash unbalance of that sum, and point to a legal deficit of \$6-billion.

Failure of tax legislation, however, would have another momentous consequence. It would kill the most earnest endeavor made jointly by the Administration and Congress in perhaps a generation to overhaul and "make sense" out of the skein of tax laws, for tax revision would fail also.

Debt Limit Boost Hinges on Politics

With its feeling that the debt ceiling should promptly be boosted by \$15-billion, the Administration precipitated another major controversy in the monetary field.

The Administration wanted the rise in permissible borrowing to \$290-billion, as the President explained, to give it flexibility in operation. Another aspect of a greater borrowing power is that it might permit a resumption in the present relatively favorable market of refinancing short-term into long-term debt. Held to a cash balance considerably lower than \$6-billion, the Treasury would not find a "lengthening out" program too feasible on any big scale.

There were two classes of opposition to the debt limit boost. One was naturally political. Inasmuch as the Administration's 1952 campaign promise was for a balanced budget, Democrats found in the proposal to boost the debt limit a convenient way of emphasizing to the public that this pledge is not being made good. The longer and more vociferous the opposition to boosting the debt limit, the more the idea is brought home that the Administration is failing to balance the budget.

There was considerable thought among opponents of giving the Administration only a few billions of additional borrowing capacity at this time—enough to take care of its needs for one fiscal year. This would force the Administration next year and perhaps again in 1956—the Presidential election year—to ask for more borrowing power.

Another kind of opposition to

boosting the debt limit is represented by the viewpoint of Senator Harry F. Byrd (D., Va.). He led the fight in the Finance Committee last year which resulted in tabling this request by a vote of 11 to 4, even though it had passed the House.

Senator Byrd contends that the Treasury can actually operate with a cash balance considerably reduced from the \$6-billion it would like to average. On the other hand, the Senator says, the existence of the debt limit acts as a most effective brake upon spending. In particular it gives the Eisenhower Administration an excuse to bear down on spending at all points, the real excuse that money is lacking.

In Senator Byrd's opinion, he told BANKING, \$2-billion less has been spent than would have been spent had the Senate instead agreed last year to the \$15-billion boost in the debt limit. He made public figures which he said came from the Treasury, disclosing that in general, from January through June, the Treasury would be less pinched for ready cash without the debt-limit boost than it was during the six months from last July through December.

Senator Byrd was striking to delay a boost in the debt ceiling until about June. By that time it would be known what Congress is approving in expenditures and proposing to cut in taxes, he explained. So by June there will be a sharper idea of the Treasury's borrowing needs for fiscal 1955. Then, the Senator said, is the time to boost the debt ceiling if by that time it still appears necessary.

Will Need Bank Aid

Should Congress avoid giving the Treasury a greater margin of borrowing power, it is anticipated that around \$475,000,000 of "free gold" remaining in the general fund balance will be utilized if this has not been done already. A half billion was so used in November, purchasing Reserve-bank-held Federal debt, thereby reducing the strain of the debt limit by that sum.

Furthermore, it was said, about another \$400,000,000 of Commodity Credit Corporation commodity loans might be put into the pool certificates for sale to commercial banks, thereby transferring this from the Treasury. This would, by the amount of pool certificates sold, reduce the

pressure of the debt ceiling so long as the commercial banks did not return the certificates for cash, as they have the right to do at any time.

Modified Welfare Program

Probably the greatest long-range monetary development of the second year of the Eisenhower Administration was the adoption of a modified, possibly limited, or diluted welfare program goal. There follows a list of the programs the President proposed:

Upstream flood prevention, a strengthened soil conservation program, a uniform and consistent water-resources policy, a safeguarding of the domestic production of critical and strategic materials, an expanded highway construction program, broadening the coverage and benefits of contributory old age security, broadening the benefits and coverage of unemployment compensation, strengthening programs for the rehabilitation of the physically handicapped, Federal assistance for diagnostic centers, rehabilitation facilities, nursing homes, and institutions for the care of the chronically ill, more research into cancer and heart ailments, establishment of a system of health "reinsurance," provision of Federal assistance for school construction, and a broad extension of Government aid, direct and guaranteed, for housing.

Regarding housing, the President appeared to recommend in his annual message roughly the liberaliza-

tions of Federal mortgage insurance (longer terms, lower downpayments, larger ratio of loan to collateral) which were proposed in the housing study made by the President's Advisory Committee.

He seemed to echo that committee's hope that the Government's contribution per project for public housing and slum clearance might some day be lowered, but proposed that the present basis of public housing (under which the Federal Government contributes 90 percent of the cost of each project) be continued pending the finding of a better alternative.

Mr. Eisenhower's philosophy was succinctly summed up in one paragraph of his nationwide TV and radio address on January 4:

"We believe that the slum, the outdated highway, the poor school system, deficiencies in health protection, the loss of a job, and the fear of poverty in old age—in fact the real injustices in the business of living—penalize all of us. And this Administration is committed to help you prevent them," the President said.

Contrasts with Truman

In general, Mr. Eisenhower's concept of the "welfare state" contrasts sharply with Mr. Truman's concept in two decisive respects. Mr. Eisenhower apparently would scatter governmental intervention upon a broader range of welfare objectives than Mr. Truman aimed for at any one time.

(CONTINUED ON PAGE 130)

HAVE YOU SEEN

(1) The President's Annual Message on the State of the Union, with its proposal for reduced spending, tax reform and a modified but broad-scale welfare program. Write to the White House, Washington 25, D. C., for a copy.

(2) The text of the Home Loan Bank Board's proposed new rules regarding the chartering of branches of Federal savings and loan associations. Write to the Home Loan Bank Board, Washington 25, D. C., for a copy of proposed No. 6672 of Dec. 15, 1953.

(3) A study that may kick off a broad extension of Government intervention in the housing of the nation, through loans and grants and more Government-supported mortgage credit. Write to the Superintendent of Documents, Government Printing Office, Washington 25, D. C., for a copy of the "President's Advisory Committee on Government Housing Policies and Programs Report to the President," and enclose \$1.

(4) An explanation of the derivation and uses, and historical data, respecting the "Economic Indicators" published by the Congressional Joint Committee on the Economic Report. Write to the Superintendent of Documents, Government Printing Office, Washington 25, D. C., enclosing 35 cents, and ask for the "Historical and Descriptive Supplement to Economic Indicators."

U. S. Housing Group Urges:

(1) Greater Reliance on a Competitive Market Economy

(2) Greater Community Responsibility

MILES L. COLEAN

Recognizing that the recommendations of the Advisory Committee will have an important influence on present and future activities in the field of housing and mortgage credit, BANKING sought an interpretation of them from a strictly objective viewpoint by an expert in this field. We believe Mr. Colean, a nationally recognized housing authority of Washington, D. C., does this very effectively and presents the important housing and mortgage problems of the day as reflected by the 377-page report to the President in a clear and concise manner.

THRESHED out during an intensive two months of study and discussion, the recommendations of the President's Advisory Committee on Government Housing Policies and Programs were submitted to President Eisenhower in mid-December by HHFA Administrator Cole. The committee report, the work of a broadly representative 23-man group, nine of whom are active in home mortgage lending, is a conservative one. It suggests no abrupt disruptions in existing policies and it offers no spectacular new departures. At the same time it brings to the Government's role a greater order and consistency than has heretofore been present among the improvisations of 20 years, and it gives to the whole a sense of direction that is both new and distinct.

In its statement of guiding policy, the report sets up as the measure for judging Federal programs the degree to which they facilitate the operation of the private market. Firmly stating that reliance on a free, competitive market economy is the best way to assure the improvement of the living standards of the

people, it urges that all governmental activities be developed from this point of view, and that activities which in practice prove to be contrary to it be discontinued.

The recommendations fall into three main groups: (1) Those which are intended to adapt mortgage credit devices so as to broaden the private market for both new and existing construction, (2) those which would utilize more direct forms of Government aid to open the way for an expansion of the market, and (3) those designed to improve the economy and efficiency of Government administration.

Facing Interest Rate Issue

The folly of trying to chop housing wood in a straitjacket of rigidly fixed, submarket interest rates on Government-insured and - guaranteed mortgage loans was fully recog-

nized by the committee in its recommendation of means for assuring the adjustment of rates to conform to market conditions.

The proposal calls for the creation by statute of a committee composed of the heads of HHFA, VA, FHA, Home Loan Board, Federal Reserve Board, and Treasury which would be required to keep the FHA and VA rates under constant review and to modify them, up or down, from time to time as might be advisable to make them competitive with rates on other types of investment. The limit on the committee's discretion would be a rate not more than 2½ percentage points above the average yield on outstanding Government bonds with 15 or more years to run.

In view of certain political opposition to a completely free rate, the proposal is undoubtedly the closest to a completely free rate that can be hoped for. It aims to assure that the intended flexibility will be effectuated by the devices of placing rate administration in the hands of a group, which presumably would be freer from political compulsions than a single administrator, and of making action mandatory rather than permissive.

This proposal is the key to the success of the remainder of the program. With the FHA and VA systems recognized as means for broadening the private market, it is obviously vital that their operations be sensitive to market forces.

Maintaining Continuity in Flow of Mortgage Funds

While there is agreement that a flexible interest rate on FHA and VA paper offers a good assurance of an equitable distribution of mort-

Committee Wants Government to Use Its Offices to:

(1) *Encourage conservation and renewal in decaying neighborhoods.*

(2) *Maintain and improve the existing housing supply.*

(3) *Encourage private building activity.*

(4) *Provide a National Mortgage Marketing Corporation for FHA and VA loans.*

(5) *Establish plans for housing low-income families.*

(6) *Improve the organization of Federal housing activities.*

(7) *Terminate or modify certain statutory authorities which are little used or scheduled to expire.*

gage money in accordance with demand, there is widespread opinion that this move, essential as it is, will not eradicate all the impediments to the flow of funds. It is argued that remaining will be some measure of seasonal, cyclical, and geographic variation, which a well-considered mortgage system should take into account and provide against.

Finding this argument persuasive, the Advisory Committee has recommended the establishment of a permanent secondary mortgage market facility for the purchase and sale of FHA and VA loans. The facility would be set up without recourse to Government financing, all base capital (\$50-million) not otherwise privately subscribed within 90 days being taken up by the Home Loan banks. Those selling mortgages to the facility would be required to acquire stock in a ratio of 4 percent of the amount of mortgages sold, to be redeemable only with the sale or repayment of the loans so offered. The facility would be empowered to issue debentures to the amount of 12 times the total original and participating capital, giving it a maximum operating fund of approximately \$1.3 billion.

The purposes of the facility would be strictly to aid in improving the distribution of the current supply of savings for mortgage investment and to help even out temporary interruptions in the flow of savings into the mortgage market. It is not intended to provide an additional source of funds or in any way to supplant the operations of existing institutions, nor is it intended to maintain a submarket interest rate or support unsound Government programs. Being authorized to buy at its estimation of the market and protected by the penalty of a 4 percent stock subscription, it is intended to be proof against dumping of poor-risk loans.

New Board Would Be Set Up

In order to reduce operating cost, as well as to coordinate all the secondary home mortgage market activities of the Government, a new 5-man board (designated the Federal Home Loan Board), broadly representative of home lending and building interests, would be created to manage both the new facility and the activities of the present Home Loan Bank Board.



Chairman Albert Cole

As another means of improving the geographical distribution of mortgage funds, the committee recommends provisions for encouraging the joint participation in FHA and VA loans by local banks and the larger lending institutions. It is believed that this proposal not only would offer a means for effectively increasing the supply of capital in more or less remote areas but would also assure the responsible handling of local servicing.

Broadening the Scope of FHA

The committee has accepted FHA as a permanent feature of the residential mortgage system, particularly desirable as a means for carrying mortgage funds across the barrier of moss-covered state investment and foreclosure laws and for making funds widely available in the amounts required for merchant builder operations.

The proposals for FHA would have the effect of giving that institution a broader function in the market than has been characteristic of its later years, during which the tendency has been to particularize its activities so as more and more to make it serve special purposes rather than the market as a whole. The elimination of a number of special-purpose features (farm housing, yield insurance, etc.) is an indication of the new approach, as is the aim to bring all mortgage activities within two general systems, one for one- to four-family houses and one for multi-family structures.

The recommended change in the loan-to-value ratio schedule, eliminating as it does the present abrupt stiffening of the ratio for loans

above \$11,000, is a step in the same direction. The present arrangement causes builders to concentrate in the area of the most favorable terms, irrespective of other conditions in the market. The proposed schedule is intended to reduce this tendency and correspondingly increase the influence of market forces in determining the price ranges in which activity would take place. The raising of the top mortgage limit for one- and two-family units to \$20,000, although by no means the equivalent of what the \$16,000 represented in 1934, is a partial restoration of the broad area of the market covered by FHA at its inception.

Especially significant is the recommendation that the same loan-to-value scale apply to existing property as to newly built houses. Although the original statute made no distinction between these classes of property, the direction of the amendments since 1938 has been to give special favor to new construction. This proposal would make it possible for FHA financing to be effectively used for major alterations and improvements where the cost is too high for a practical use of the Title I type of loan. By facilitating transactions in older property, the proposal could also provide an important support for the market for new houses. In the coming years the house market will be much like the automobile market, where the sale of the new product widely depends upon the concurrent sale of a used one.

"Open-End" Principle

The proposal to apply the "open-end" principle to FHA mortgages is another means intended to offer a more effective financing plan for major repairs and improvements, while the recommendation to make the Section 207 type of financing available for well-maintained or renovated existing rental properties as well as new apartment buildings in redevelopment areas should help to utilize the existing supply of housing to a greater extent than heretofore has been possible.

The one real deviation from the general theory of keeping FHA a facility for general use in the housing market is the proposal for a special class of 100 percent (to owner-occupants. 85 percent to investors) 40-year loans. up to a

(CONTINUED ON PAGE 135)

knowledge of both combinations, or knowing the combination and also having access to the key, depending upon the type of dual lock.

"A cart or basket, adequate to hold safely all the bags and envelopes, should be available. As one person removes bags from the chest he should call out their numbers while the other person checks the numbers and enters them on the bag list. Envelopes should be numbered consecutively with a numbering stamp, and stacked in order in a separate basket or tray. The chest and chute should then be inspected with a flashlight to insure that all bags and envelopes have been removed. The chest should then be relocked.

"The second person should then verify the bag list and enter the envelope numbers on the envelope list, and both persons should sign the lists. If the chest is used for bags only and is equipped with a counting device, the dial number should be entered on the list before the list is signed, and the count of bags removed from the chest should equal the difference between the current and last previous dial readings.

"If the bags and envelopes are to be delivered to a third bank employee, the lists should be prepared in duplicate. The third person should verify them and sign the originals which should then go to the auditor.

"If the bags and envelopes are removed to interim storage in the vault, that space should also be under dual control. The lists should be prepared in the regular manner, in duplicate, at the time of the first removal, and rechecked on the second removal."

A Dual Operation

If the bags and envelopes are opened by the bank, and deposits verified, the operation is done by two persons working together in such a manner that each has independent knowledge of the contents. Depositors' names and amounts of deposits are entered on the envelope list. Advices of credit are prepared, or duplicate deposit tickets are stamped and initialed, and go with the duplicate envelope list to the auditor who will check and mail the advices.

"Errors or discrepancies in deposits should be reported immediately to an officer, and the deposit

replaced in the bag or envelope pending further instructions from the officer.

"When customers call for their bags they must receipt for them on the bag list; the teller enters date, time and condition of the bag and whether the contents were deposited. At the end of the day the teller hands the bag to a designated person (usually the auditor or head teller), together with any uncalled for unopened bags, and the teller and the designated other person then place the unopened bags in the vault under dual control. The next morning the list and bags are returned to the teller's window. If any bags are uncalled for at the close of business on the third banking day, they are forced open and processed. However, every effort should be made to communicate with the depositor before forcing a bag."

Fraud Preventives

IN June 1952 this department reported several basic fraud preventives suggested by Harry E. Mertz, secretary to technical commissions, National Association of Bank Auditors and Comptrollers. Here are some additional controls which Mr. Mertz recently listed in a talk to NABACers.

Watch for erasures on the ledger sheets. It's most desirable that none be permitted.

Make sure that loans are properly approved and that they are listed on prenumbered registered forms.

Make certain that there is a control to prevent the abstraction of ledger cards.

Have a control officer maintain a duplicate set of signature cards. This will permit a periodic check on withdrawals for authenticity.

Institute a simple, inexpensive verification by verifying customers' passbooks at interest period time.

All closed accounts, including the ledger cards and passbooks, should be turned over to an individual or control officer who will verify the transactions and then write the customer, expressing the bank's regrets at the closing. If someone has tampered with the account and closed it, you can be certain the customer will hurry to the bank.

Make sure that keys to unrented safe deposit boxes are under dual control.

In most cases, it is recommended that the bank use *direct verification*. In some cases the judicial use of an outside accountant who thoroughly understands bank auditing and controls is desirable.

Segregate dormant accounts from the active ledgers and place them under dual custody. They should be set up in a subsidiary ledger, and the control accounts should be set up on the general ledger. Any changes in dormant accounts should be approved by the bank's executive officer, if there is no control officer. Too often the embezzler has used dormant or inactive accounts to hide his speculations.

But the first step in solving the problem of fraud against banks, says Mr. Mertz, is to place the responsibility for fraud controls where it belongs—with the directors. There should be some individual in the bank who reports directly to the board or to its examining committee.

A Human Relations Program

HERE'S a bank personnel program based on the theory that "killing the mosquito is better—and easier—than treating the fever."

This preventive medicine technique is applied straight down the management line at the CITIZENS & SOUTHERN NATIONAL BANK of Atlanta where everyone who directs the work of others is inoculated with the idea that human relations is everybody's business.

An effective instrument for finding and curing incipient personnel problems is the bank's "humanagement" course. As the name suggests, it's a series of four conferences on dealing with people. Participants are the supervisors, managers, department heads—all who have managerial duties.

They meet in groups of 20. Following dinner in the bank the managers adjourn to the directors' room (in the case of the head office) where, during the next hour, the course unfolds under the leadership of the personnel director, Vice-president B. W. Cardwell. Usually an operating officer sits in.

The first session is introductory. Mr. Cardwell explains the broad objectives of the program, the importance of examining relations

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Public Relations

Business Development . . . Promotion . . . Advertising

Correspondent Services Directory

BANKS that do a correspondent business (and the banks they serve, as well) may be interested in a simple but highly useful booklet recently prepared by the FIRST NATIONAL BANK IN HOUSTON, Texas.

It's a "Correspondent Services Directory," listing the names and home telephone numbers of the officers in charge of or familiar with each of the First's many services. Also provided are the addresses and phone numbers of the American Bankers Association, Texas Bankers Association, Louisiana Bankers Association, Federal Reserve Bank of Dallas, and the Reserve's branches in Houston, San Antonio, and El Paso.

Under several of the departmental listings there's a brief reminder of the services—for instance, "Internal Operations: Audits, taxes, operation surveys, control, book-keeping, etc."

The directory, reported to us by Vice-president John L. Andrew, is offered "for the convenience of our correspondent bank friends."

A page from the Correspondent Services Directory distributed by the First National Bank in Houston

FIRST NATIONAL BANK • 201 MAIN ST. • P. O. BOX 2519
HOUSTON (2), TEXAS
PHONE FRETTON 3211

Correspondent Department

W. A. KIRKLAND, Executive Vice President . . . LYnchburg 6027
J. A. HARALSON, Vice President . . . JUstin 6125
W. D. BLAKE, Jr., Vice President . . . MOhawk 9004
HENRY CLAY, Vice President . . . JUstin 1262
D. U. CUNNINGHAM, Asst. Vice President . . . LYnchburg 6161

If unable to reach officers listed above please contact one of the following listed officers for specific services.

ADVERTISING

Consult us when you plan your Advertising Campaign — We will advise you cheerfully.

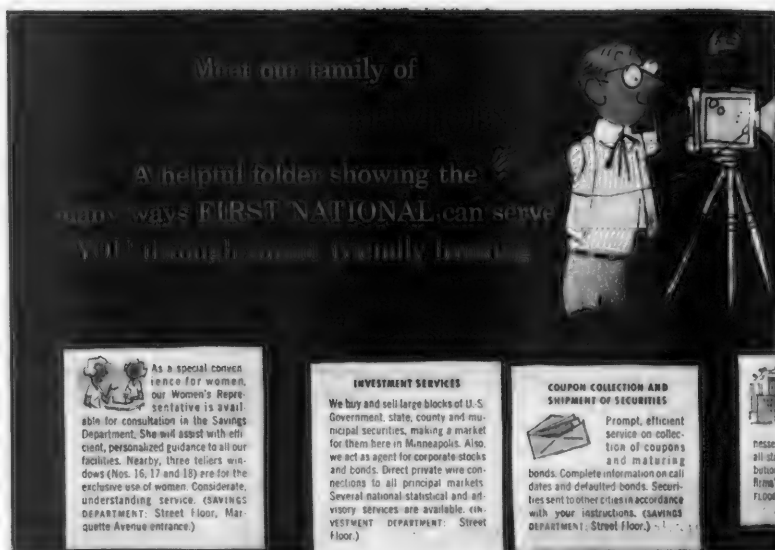
C. C. HALL, Asst. Vice President . . . LYnchburg 7348
JOHN L. ANDREW, Vice President . . . MADison 7475

COLLECTION ITEMS

H. H. BURGHARD, Asst. Cashier . . . LInden 3833
F. H. MATTHEWS, Asst. Cashier . . . WAyside 2589

COMMUNITY LOANS

HENRY OLIVER, Vice President . . . JUstin 2715
T. W. GREGORY, Jr., Senior Vice President . . . LInden 8909



Here's a sample of "Family Album," the services booklet of the First National Bank of Minneapolis

Family Album

THAT's the title of a new promotion folder issued by the FIRST NATIONAL BANK OF MINNEAPOLIS to tell the public about some 40 of its services. The piece, done in three colors, describes each service briefly and familiarly. (See cut.)

Bank's Gadget Pleases Cattlemen

A GADGET that quickly computes the value of a steer is being distributed among cattlemen by the FIRST NATIONAL BANK AND TRUST COMPANY of Tulsa, Oklahoma.

Invented by John Robertson, assistant cashier and agricultural representative, the calculator is called a "slide circle." A few twists of the dial produce an animal's total market value. The device was so enthusiastically received by the growers that the bank was obliged to reorder.

A Canceled Check Contest

A NOVEL method of promoting the use of checks and the value of a checking account is being used this year by THE FIRST STATE BANK of Norton, Kansas.

The bank is featuring customers' canceled checks in a 1954 weekly series of advertisements in the local newspaper. Readers are invited to submit checks that paid for services or things, together with snapshots that tie in with the transaction. Examples: a check that paid for a 4-H Club calf, another that met the downpayment on a home, or settlement of a hospital bill.

From the checks and photographs submitted the selections to be featured in the newspaper advertising are made.

Ten dollars is being paid for each entry chosen.

Invitation to Industry

THE FIRST NATIONAL BANK OF SAINT PAUL has a new brochure, "The Trend Is Northwest for Industrial Opportunity," which it's sending to businesses and industries that might be interested in locating in the city. The text, liberally illustrated, sketches the region's resources and summarizes the markets, labor supply, transportation and other facilities available in Minnesota's capital. The booklet was prepared under direction of Rodney

(CONTINUED ON PAGE 146)

Our Investment Abroad

Its Beginning, and How Far the Dollar Has Traveled

PRIVATE American investments in properties abroad play an important role in today's world economy. Far greater in the aggregate than foreign investments in this country, our direct investments abroad play a vital role in our own lives as well. About a fourth of our imports, which include such important items as nonferrous metals and alloys, coffee, woodpulp and paper, sugar, wool, and oil, are produced by American-controlled enterprises abroad. Those and other imports, in turn, comprise a major source of dollar income for other countries and in a variety of ways contribute to their welfare.

In the early decades of our national history, when the U. S. was an underdeveloped country, we drew heavily on capital supplied by European investors. About 1900 it became evident to forward-looking persons that before long the United States would be able to pay off its foreign creditors out of the product of America's prospering industries. Since trade follows investment, European creditors displayed concern at the prospect that one day the U.S.A., too, should be a creditor and its industrial and other products compete with those of Europe in third markets if not in Europe itself.

With World War I all this came to pass. We became the "arsenal of democracy." Once having helped "make the world safe for democracy," we became its industrial workshop. Washington's wartime and postwar loans to foreign governments—the famous "war debts"—were followed by an orgy of Wall Street lending to other countries. We had become a "creditor nation" for sure. Then followed depression, worldwide financial crisis, the Hoover Moratorium, and a cessation of Wall Street foreign loans. Portfolio foreign investment was to remain discredited in this country for many a year.

But direct investment by large

AMERICAN ENTERPRISE ABROAD

One of the important subjects of study and recommendation of the Commission on Foreign Economic Policy (the Randall Commission) is the investment of private American capital in enterprises abroad—direct investment in the production of raw materials and manufactured goods. President Eisenhower, in his letter to the Congress last May asking for establishment of the commission, stressed "a strong and self-supporting economic system in the free world" resting on private effort rather than governmental aid. "Through increasing two-way international trade and stimulating in every practical way the flow of private investment abroad," he said, we can help accomplish this purpose.

Federal Government insurance of foreign investments against unusual risks is proposed. Indeed it has already been tried under the ERP, without conspicuous success. In the past, large investments have been made abroad without such Government help. This and subsequent articles seek to give an idea of the nature and extent of such American investments, the problems they face and the job they have been doing.

HERBERT BRATTER

This is the first article in a series by MR. BRATTER, who writes regularly for BANKING from Washington. As we went to press, the Department of Commerce reported that American business has more than \$16-billion invested in branches and subsidiary companies in foreign countries, an increase of more than \$4-billion in the last three years.

corporations in foreign mines and agricultural properties, assembly plants and factories has continued to grow over the years, stimulated in part by conditions which grew out of the very same depression which brought the widespread foreign-bond defaults: the desire of "one-crop countries" to save scarce foreign exchange by producing at home, behind trade and exchange controls, some of the goods theretofore imported and at the same time to achieve a greater degree of eco-

nomic stability by a more diversified economy. Our direct foreign investments were stimulated, too, by the increased dependence on imported commodities to meet the needs of our growing population, expanding trade, and the second world war.

Many other factors have contributed to the continued export of American capital since the great depression, compelling many corporations to export factories and operate them abroad so as to maintain their hold on foreign markets. The development of British empire preference and soft-currency trading areas hit American exports hard. In many underdeveloped countries, nationalism received strong impetus from World War II, manifested in a desire to industrialize, to have a steel mill. If the supply of home capital were not adequate to launch such a program, there were the new banks set up in Washington, the Export-Import Bank which had its modest start in 1934 and, after the

war, the World Bank born of the Bretton Woods Conference of 1944.

Whatever the background of American direct investment in foreign properties, in the foreground there is always, of course, the profit motive. When Ford and General Motors in the early 1920s set up their first foreign assembly plants in Denmark, it was profits that concerned them. It had come to be realized that when automobiles were exported from Detroit in large crates the companies were wasting money paying for the shipment of air to distant countries. Establishment of assembly plants abroad made it possible to pack knocked-down parts compactly, with great savings in ocean freight. Such plants had added advantages in the competitive automobile business. Labor was cheaper abroad and import duties on knocked-down cars were lower. Also it was often possible to buy locally upholstery, glass, tires, batteries, and even frames. As a result, the map of the world today is dotted not only with American automobile assembly plants—plants turning out cars, refrigerators, and other products—but many complete branch factories.

The full roster of American

AMERICAN RUBBER COMPANIES have long had important foreign investments in plantations and factories. The plantations are chiefly in southern Asia and in Liberia. The factories for making tires and other rubber products are scattered over the globe. B. F. Goodrich, for instance, has factories in six foreign countries and branch sales offices in many more. Goodyear has plants in Canada, England, Sweden, Argentina, Brazil, Mexico, Peru, Australia, and elsewhere. Its plant in Ceylon during the war gave the military invaluable aid in producing bullet-seal airplane tanks without having to haul the necessary rubber half way around the world to Ohio. The picture shows a classroom scene in one of the schools which Firestone maintains on its plantations in Liberia for the children of native workers. More than 30,000 Liberians are employed on the company's 80,000 acres of rubber trees



W. R. GRACE & CO. is a pioneer in foreign trade and investment, dating from 1854. On South America's West Coast it early dealt in "everything from pins to locomotives." It bought and built cotton and woolen mills, paint factories, electrical equipment plants, an ocean fleet, sugar estates, paper mills, cement mills, flour mills, oil refineries, and mines. It introduced professional business management, trained local personnel, and practiced Point IV long before there was a word for it. The picture above shows the Tejicondor Mill in Medellin, Colombia's major industrial city. This plant, a major interest in which is held by W. R. Grace & Co., produces a wide variety of cotton and rayon goods

branch plants abroad includes most of the big names in American industry: producers of chemicals and pharmaceuticals, of farm machinery and office equipment; of razors, radios, and rubber goods; of cash registers, office machines, and pencils. Nearly a third of our foreign

direct investments is in factories. But almost half of the grand total is in extractive enterprises, of which by far the largest is the oil business. Twenty-nine percent of U. S. direct investments abroad is in oil; 11 percent in mining; and 4 percent in agriculture, including such products as bananas, sugar, and cacao. One-tenth of the total is in public utilities abroad and about a seventh is in miscellaneous fields. The most rapidly growing field of investment in the past three years has been manufacturing, followed by oil and mining. As U. S. natural resources are progressively reduced, direct investment in foreign mines is bound to grow in the future. We see today American private capital reaching out for bauxite in Jamaica, copper and uranium in Africa, and iron ore in Labrador, Venezuela, and Liberia.

At the end of 1952, it is estimated, American direct investments in foreign countries totaled about \$15-billion. Latin America accounted for nearly two-fifths of this, or 39 percent; Canada for 31 percent; western Europe for 14 percent; European dependencies for 3 percent; and other countries for 13 percent. Despite the many and serious obstacles and deterrents to investment abroad, the private American stake in foreign enterprises shows surprising vitality and powers of survival.

In recent years an average of \$1,200,000,000 of income has come



UNITED FRUIT COMPANY, much in the news of late because of the expropriation of a large part of its lands in Guatemala, is an example of a company going abroad to supply a United States import. The company has extensive land holdings and other properties in the Caribbean area—what it calls “Middle America”—where it produces, in addition to millions of bunches of bananas, sugar, cacao, palm oil, and abaca. Some of its beneficial effects on the host countries were touched on in an article in December 1953 **BANKING**. The picture above shows the *San Jose*, a United Fruit Company ship, at Golfoito, Costa Rica

to this country from American direct investments abroad. In 1952 the amount remitted after payment of local taxes and retention for business reasons was about \$1,400,000,000. Latterly nearly half of the earnings have been re-invested abroad. For example, the American & Foreign Power Company, faced in Latin America with steadily expanding demand for power and shortage of investment capital, is constantly required to reinvest earnings in Latin American subsidiaries for plant upkeep and expansion.

Whereas private portfolio investment abroad gave way to direct investment in the early 1930s, developments of recent years have given rise to substantial American portfolio investments mainly of an official character. Some Canadian and Western European securities have been sold in this market in recent years. In addition not inconsiderable sums of private capital have been invested in securities of the World Bank sold on this market. Through the World Bank, the World Fund, the Export-Import Bank, and otherwise the United States Government has piled up a very substantial long-term investment abroad, estimated as of June 1953 at more than \$14-billion. American private and official investments abroad, including long- and short-term, direct and portfolio, were well in excess of \$37-billion at the end of 1952. At the rate of recent years, the total is increasing

by more than \$2-billion annually.

Despite the size of the official banks, at least three-fourths of the annual increase is on private account—\$1,600,000,000 a year—direct investment constituting the bulk, \$1,300,000,000.

Although the foreign bond defaults of the great depression gave

portfolio investment a black eye, there are some who now are predicting that it will come back. Their reasoning is that the nationalistic feeling which has developed so in recent years coupled with the increasing ability of foreign people to operate businesses and industries—mines, plantations, and factories—will reduce the field for foreign direct investment of the management type. According to this theory, where foreign capital is still needed it will probably take the form of investment in the common stock of locally controlled and managed companies.

Certainly the desire in many underdeveloped countries is to have the benefits of foreign investment without the irritation that the presence of foreign enterprise all too often arouses. This desire is evident in Latin America. Costa Rica's president, José Figueres, voices the aspirations of more than himself when he says that foreign investment is not unlike the military occupation of a country by marines. Mr. Figueres would limit foreign capital to a temporary sojourn of, say, 15 years. At the end of that period he would have the foreign properties bought out by native capital, private

(CONTINUED ON PAGE 165)

GENERAL ELECTRIC products have so long enjoyed worldwide renown that it is surprising to learn that International GE has factories in only six foreign countries. As is the case with a great many U. S. corporations, GE carries on Point IV-type know-how work through its instruction courses for employees. The student engineering course alone has graduated hundreds of people from 61 different countries abroad. The student engineer works in the testing and proving department to familiarize himself thoroughly with GE products and standards. This is one way American industry helps spread technical know-how to nations everywhere. The photo shows Athanase Periklis Papachristodoulou (facing camera) on the large motors and generators test at GE's Schenectady plant. He arrived in the U. S. last September following graduation from the National Technical University of Athens



RFC Liquidation Progresses

The following discussion of the RFC loan liquidation program was written by BANKING's Washington correspondent, Lawrence Stafford.

MOBILIZATION of the nation's banking machinery at the direct request of the Administration, on a scale comparable to that which early in World War II launched the War Bond sales through the Victory Fund Committee of the Federal Reserve districts, is now well under way as part of the business loan liquidation program of the Reconstruction Finance Corporation.

A voluntary committee of bankers representing a cross section of the country is working closely with Kenton R. Cravens, administrator of the RFC, in developing the plan. They should be ready to proceed in the near future in enlisting banking system cooperation, by regions, throughout the nation.

Perhaps a Precedent

If the plan develops as indicated, it means that the RFC will become a shining exception to the old story that liquidation of a Federal agency is something which almost seems to take forever. The administrator and the voluntary committee thus may make history.

When Mr. Cravens, who is on leave of absence from the Mercantile Trust Company of St. Louis, took over the huge job of RFC liquidation, he naturally turned to the banking industry for assistance. About two-thirds of RFC's portfolio consisted of business loans—big, medium, and little. Numerically, most of them are small.

Examiners of the RFC, acting as the administrator's personal representatives, have been in direct touch with the larger borrowers and their banks of deposit, attempting to arrange a shift of these loans from RFC to the banks. Every substitution of a bank for the Government puts cash into the Federal Treasury,

held on a tight rein by the statutory debt limit. The RFC has had considerable success already in this endeavor. However, there remains the problem of the smaller loans.

When Harvey Gunderson, a director of the old RFC board, testified a few years ago before a Congressional committee, he told Congress that RFC lost money on loans of less than \$100,000. If it didn't have some really big money loans, it wouldn't meet expenses of business lending.

Mr. Cravens corroborated these facts in a recent careful study of costs. He found that, if the Government itself maintained a force of employees to liquidate these business loans, the expense to the Government would greatly exceed the interest collected between now and 1960.

The administrator ruled against the idea of providing a slow and easy liquidation, with money coming into the Treasury only in comparative dribbles. So he turned to the bankers on the problem of liquidating these small loans. For four or five months a voluntary committee has been working on this problem of the small loans—something over 4,000 of them—with an aggregate principal outstanding of about \$100,000,000.

This particular phase of the RFC's disposal program is seen as the crux of the entire project set in motion last year when, by act of Congress, the RFC was placed in liquidation

and its lending authority ended. This is because approximately 65 percent of the RFC's assets are in the form of business loans, the large majority of them small and well scattered, expensive to administer and service, and many of them not due until the 1960s or later.

Briefly, under the plan which is being worked out, participating banks will make a cash payment to the RFC for the purchase of a substantial interest in the majority of the RFC's outstanding business loans. Hundreds of banks are expected to participate in the plan. The cash thus received by the RFC will represent the major portion of the total amount of loans.

By taking over this portfolio of loans the banking system in effect will be reducing sharply the administrative expenses incident to liquidation of the RFC. It will also bring business borrowers together with banks in their own communities, re-establishing normal business relationships. In addition, it will provide another step in the direction of a balanced budget by immediately converting into cash a large portion of the \$100,000,000 in Government loans. Moreover, it will provide tangible evidence that the country's banks are anxious to cooperate with the Administration in reducing the area of Government lending.

As one of the bankers, who is working out the details of the pro-

(CONTINUED ON PAGE 132)

Administrator
Cravens



Banks Build for the Future

Geared to Modern Merchandising and Transportation

JOHN J. McCANN

MR. McCANN is advertising manager of BANKING, with headquarters in Chicago. A further report on the results of BANKING's survey will appear in an early issue.

THE year 1953 was a boom year for all types of construction, setting an all-time record expenditure of \$34.7-billion. The biggest push to this historic high came from industrial and commercial buildings and buildings for public use. Measured in dollars, it produced an increase over 1952 of almost \$1-billion. No small factor in this picture was the number of banks across the country that either built new quarters or remodeled and expanded. While no accurate figure is available on bank expenditures, experts had forecast the year's building investment by banks at well over \$500,000,000.

BANKING maintains a running record of the number of banks announcing plans to build or remodel for the purpose of developing new material for a photographic library on bank construction when the jobs are completed. During 1953, this record added more than 1,110 new chartered banks, and new or remodeled bank or branch buildings. This record, admittedly incomplete, is a reliable gauge on the vast amount of building activity in our field.

Set in a row, or piled story on story, this group of new and remodeled banks would give the impression that banking had cleaned house in a single year—and yet, according to our continuing surveys, this pace hasn't cooled down since the beginning of the construction boom in 1946. Those who then believed things would quickly settle back to a normal level after the first rash of postwar building had subsided, are now more inclined to say, for our field at least, "We have the normal level right now." In a period of expanding econ-

omy, banking structures are outgrown sooner or become obsolete faster. The necessity for new and improved quarters is a sign of the times. Its answer is to plan better for future expansion.

But our big question considers the course of construction in our field for 1954. To eliminate "guesstimating" on a favorite subject, BANKING addressed questionnaires to the entire A.B.A. membership. One questionnaire sought information on construction work completed within the last five years, and a second was designed to develop facts and figures on the immediate potential for new construction and modernization. The number of returns lends convincing evidence of an unslackened building pace for the new year.

A One-Third Return

Some 4,700 banks replied with detailed information answering 50-odd specific questions on jobs completed or planned. Research by questionnaire is a fairly accurate authority since it pin points facts—

but facts which have to be weighted and projected on the assumption the returns represent no more than a modest fraction of an actual potential. A 10 percent return from a questionnaire is considered successful, a one-third return is phenomenal, and a 50 percent return is the dream of researchers. For projection purposes, this report will settle with confidence that it strikes a happy medium—a one-third return of the actual potential—phenomenal or not.

To qualify our assumption that a one-third projection is reasonable, we point to the fact that this study does not include the building programs of many of the major banks or banking chains. For example, one West Coast bank announced an allocation for \$12,000,000 for new buildings and improved facilities during the next year and a half. Planned (with some already scheduled) are construction jobs for 86 of the bank's branches, while 45 more projects are already under contemplation for a subsequent period.

Lakewood Branch of the Puget Sound National Bank, Tacoma, Washington



In Texas, there's one \$17,000,000 bank building project now underway. In many metropolitan centers are other construction jobs of like proportion not figured in this study.

The chart of 1,306 replies indicates there are a total 358 bank buildings, 323 building annexes or additions, and 603 large-scale modernization jobs in immediate prospect. A reasonable projection would treble each figure. Here is the first evidence that bank building activity will be the equivalent or better than 1953.

If there is any noteworthy pattern showing a high concentration on bank construction it points to the Midwest area, where many of the smaller community institutions are breaking out in expansions and new dress. But the general over-all picture is fairly consistent to the bank population in every area.

The chart shows most construction activity centers on main bank offices for a total of 941. But branch activity is very strong, with jobs planned for 316 branches. For the most part, branch activity represents new construction, but there is a very high percentage of new construction for main office buildings which have been rendered completely obsolete by inability to expand or remodel within present quarters. Numerous banks are changing from leased quarters to newly acquired property.

What Will This Program Cost?

Some 1,002 of the reporting banks set down their construction budgets—total \$125,393,000. For the 260 banks that were unable to cite a



Motor banking facilities of the Waterloo Savings Bank, Waterloo, Iowa

definite figure, we can measure the average for an additional \$32,536,920. Projecting this by our yardstick of one-third the actual, the budget hits \$473,789,760. The heavy side of the total expenditure will be undertaken by banks under \$10,000,000 deposits. Some 665 of the total reporting in this group listed a budget of \$44,025,000. By projection of the 29 banks not listing a figure, the reported total runs \$13,336,427. The jobs reported in this study are all rather substantial measured by dollars. Some 978 reports are in the \$100,000 and over bracket, which means this survey eliminated for the most part minor changes and improvements in banking quarters, but this in the aggre-

gate becomes in itself a substantial figure.

There is, of course, no rule-of-thumb gauge of what the bank building dollar buys in the present market. The question is often posed, and it is answered by many fine examples of structures built on a budget basis; and in contrast are others of like size whose costs are easily double and more. Still, one fact is obvious—the bank building dollar buys far more today in the functional advantages of contemporary architecture than did the dollars that built the monumental Grecian structures of another era. And these buildings save additional costs in maintenance and repair. They are not dated to a period and are far more resalable for conversion to other uses. These factors give the current building dollar a high increase in value.

Among the construction jobs reported there are 440 new buildings exclusively for banking purposes, and 114 scheduled for bank, store, and office use. The majority of these structures list one, one-and-a-half, and two-story height, and only a few run higher. Many of the banks cited the advantage of temporary tenant income, and the provision for future expansion. Situations have been explained in this survey which point up the high cost of inadequate planning. When a bank is caught with the pressing need for additional space and is stymied by the inability to expand upward or take over adjoining properties, it means an investment in a new building or a move to a new location. Many banks

Eighth South Branch, First Security Bank, Ogden, Utah



Number and Type of Space Needs Prompting New Construction or Remodeling

Public Space	Officer Space	Private and Conference	Teller Space	Work Space
578	642	569	549	692
Vault Space	Safe Space	Recreational	Storage Space	Traffic Problem
403	382	237	419	264

have found an expedient in acquiring adjacent property, but in some cases the purchase price and remodeling costs run high. The number of building additions and annexes reported in this survey suggests the extent to which this problem exists.

The Status of Plans

Some 553 banks reported their construction programs were in the "contemplating" stage, 370 reported in the "planning" stage, and 284 reported the jobs are now underway with completion dates scheduled in 1954. And, among this group, there are 295 banks that have already acquired new building sites, 47 with options on prospective sites, 72 still "looking" and only 19 that have not yet taken any action to secure a suitable location. The majority of banks answering these two questions spelled out the status of their "contemplating" or preliminary stage with full information in most cases on budgets and various features of the building program; a fair admission that their basic needs have been established, and the actual planning would be scheduled soon.

To be more precise, we further queried when the jobs would start. The answers show that 301 banks were ready to get underway immediately, 465 were scheduled to start within the next 12 months, and 158 within 24 months, and some 192 as yet undecided.

Our survey queried the location of the main bank lobby in the new and remodeled buildings. Some 542 banks indicated theirs would be a ground floor operation, and the majority of these are institutions with less than \$25,000,000 deposits. Of the 15 banks each noting that its main banking lobby would be located on the second floor, 12 indicated plans to install escalators for customer convenience. While only a few of the reporting banks planned buildings higher than two stories, these few listed plans for 125 passenger and 29 freight elevators. This modest

figure can again be related to the fact that our survey does not cover reports on many of the major bank jobs in the \$500,000 and over expenditure class on which we have other records.

Second-floor banking is not the serious handicap it is considered by some. Many of the major banks spotted in metropolitan centers across the country, built in years past, have added escalators and special service passenger elevators to second-floor lobbies. This phase of their remodeling was dictated by customer convenience—and, of course, the presence of near-by ground-floor competition. Some of the new skyscraper bank buildings constructed in the past few years ignore the handicap with adequate transportation to their second-floor lobbies. The deposit and account gains reported by these banks certainly attest the fallacy of old impressions.

Face lifting is a major concern of the banks planning remodeling and modernization jobs. Plans for completely changing building exteriors

were reported by 529 of the reporting banks, and 212 others stated plans to remodel the entrance only. Shaving off the telltale Gothic pillars, refacing brick with glass or stone block, cutting out exterior walls for larger window area, re-hanging glass doors for bronze—these are mentioned among the projects. Many "before and after" face lifting examples have been contributed to our library by banks that have completely transformed exteriors. All trace of vintage disappears when the hammer and chisel set to work and masons ply their trade. The net effect makes the banking architecture far more compatible with the modern buildings on Main Street. The day for preserving the stolid antiquity of banks, architecturally, is long since past. Banking is a contemporary business.

To prove this point, our survey asked the style of architecture planned for the new and remodeled buildings. Some 371 checked traditional, 566 indicated modern, and 88 colonial. Most banks checking "traditional" are among those intending to remodel exteriors or entrances, and "traditional" in no wise is construed as the typical bank architecture of the early '20s. In some cases, vintage exteriors are preserved due to such factors as limited budgets.

Of the new buildings listed in this category, there is also every evi-

(CONTINUED ON PAGE 56)

Modern interior of the Otero County State Bank, Alamogordo, N. M.



STATE	BUILDING PROJECTS				STATUS OF PLANS			TYPE OF BUILDINGS		SITES FOR NEW BUILDINGS		EXTERIORS		WHEN JOBS WILL START			ARCHITECTURAL STYLE		ENTRANCE DOORS			SOUND CONDITIONING		AIR CONDITIONING				STATE									
	New Building	Annex	Modernization	Main Office	Branch	Number of Branches	Contemplating	Planning	Under Construction	Construction Budget (in Thousands)	Number of Answers	Existing Banking	Banking Store Office	Lobby Ground Floor	Purchased Site	Option on Site	Looking	Remodel Exterior	Remodel Entrance Only	Start Immediately	Within 12 Months	Within 24 Months	Undecided	Traditional	Modern	Colonial	Automatic	Revolving	Swinging	Complete Sound Conditioning	Limited Area	Complete Air Conditioning	Limited Area	Central System	Room Units	Window Units	
Alabama	8	3	8	16	1	3	11	6	2	\$1,300	17	8	2	10	7	2	1	10	5	3	3	5	7	8	2	2	3	2	3	11	10	15	3	2	11	1	Alabama
Arizona	4	2	2	1	4	7	8	2	2	640	13	2	3	3	4	2	1	7	7	3	7	2	1	2	2	2	2	2	3	3	4	1	9	1	Arizona		
Arkansas	4	2	1	11	1	1	8	2	2	3,568	13	2	3	3	4	2	1	7	7	3	2	2	1	1	1	1	1	1	8	4	10	5	9	1	Arkansas		
Calif.	17	9	9	20	13	9	13	10	9	2,908	22	20	3	22	15	1	2	6	8	1	9	1	3	10	16	1	3	2	23	21	8	5	15	1	Calif.		
Colorado	4	7	12	17	5	3	10	3	8	1,359	12	5	3	10	1	1	2	6	1	4	1	5	4	7	6	6	2	2	10	6	6	2	9	2	Colorado		
Conn.	4	7	12	17	5	3	10	3	8	3,478	18	9	1	10	5	1	1	4	2	4	1	1	7	5	6	6	2	2	10	8	12	1	9	2	Conn.		
Delaware	1	1	2	3	2	1	3	1	1	6,210	3	1	1	1	2	1	1	1	1	3	3	2	4	2	1	1	1	1	2	1	2	1	1	1	1	Delaware	
D.C.	1	1	1	1	1	1	1	1	1	650	2	2	2	2	2	2	1	1	1	1	5	2	4	10	2	2	6	1	12	10	14	3	14	1	D.C.		
Florida	9	5	7	17	1	1	7	6	4	2,217	16	10	3	9	6	2	1	8	3	6	5	2	13	15	3	13	15	3	19	18	26	5	17	3	Florida		
Georgia	8	4	17	25	3	1	13	7	9	2,553	26	8	1	8	3	3	1	14	5	5	9	3	3	13	15	2	3	1	19	3	4	1	4	3	Georgia		
Idaho	4	4	17	25	3	1	13	7	9	91	4	2	2	2	3	1	2	2	1	1	1	1	2	1	2	2	8	5	3	3	1	1	4	3	Idaho		
Illinois	8	27	47	63	8	1	42	21	17	5,375	64	18	5	29	8	2	2	34	12	18	32	13	12	21	33	2	8	5	36	39	17	4	39	7	Illinois		
Indiana	10	12	19	31	6	3	14	14	12	4,133	32	11	2	17	12	1	1	23	9	12	18	7	14	22	1	8	3	28	19	27	4	18	1	Indiana			
Iowa	8	14	33	41	4	1	22	11	7	1,708	16	12	3	18	3	1	1	27	11	12	10	5	13	23	1	8	2	31	21	14	5	13	3	1	Iowa		
Kansas	10	3	16	30	1	1	26	3	3	2,779	26	12	5	18	8	1	4	20	10	3	10	5	11	12	18	1	4	1	19	13	25	1	24	1	Kansas		
Kentucky	2	2	7	9	1	1	4	5	2	574	9	2	2	4	1	1	2	5	2	2	5	1	1	4	5	5	2	2	5	4	2	7	1	4	1	Kentucky	
Louisiana	3	3	4	4	4	5	4	1	1	181	6	3	1	4	4	1	1	4	2	1	2	2	1	6	1	1	2	2	5	3	5	3	3	1	Louisiana		
Maine	3	3	4	4	4	5	5	1	3	1,225	8	5	1	5	4	1	1	2	2	1	1	1	3	3	1	1	2	2	8	4	2	2	3	1	Maine		
Maryland	5	7	6	6	1	1	4	5	4	1,893	14	6	1	5	4	1	1	4	2	1	6	1	3	7	13	2	2	8	7	29	20	9	2	9	2	Maryland	
Mass.	8	20	27	36	14	5	14	20	15	6,215	43	17	8	20	6	3	6	18	5	15	20	2	1	14	13	2	10	3	32	25	31	5	16	2	Mass.		
Michigan	21	10	29	46	11	3	30	12	13	2,798	45	24	4	26	16	3	4	25	14	12	10	6	13	15	23	2	8	3	32	25	28	7	23	5	Michigan		
Minnesota	9	9	26	42	1	1	25	13	5	1,893	39	16	4	19	9	1	2	25	14	16	11	9	9	14	28	2	5	2	24	18	15	6	13	1	Minnesota		
Miss.	5	3	17	27	2	1	3	3	3	920	11	4	2	5	2	1	2	7	1	2	5	1	3	11	15	2	1	3	17	8	12	3	9	2	Miss.		
Missouri	5	3	17	27	2	1	16	6	6	2,153	28	12	1	14	6	1	1	15	5	4	6	2	1	7	12	2	2	4	17	6	9	7	8	2	Missouri		
Montana	5	2	6	11	1	1	4	5	1	1,355	9	5	5	5	2	1	1	2	1	4	13	1	7	10	12	1	2	1	16	16	18	2	14	5	1	Montana	
Nebraska	5	8	16	25	1	1	12	11	1	724	20	8	1	11	1	1	2	13	7	1	4	1	1	7	12	1	2	1	16	1	1	1	1	1	Nebraska		
Nevada	1	1	1	1	1	1	1	1	1	151	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	Nevada		
N.H.	1	2	5	8	1	1	4	2	2	997	7	3	3	3	1	1	1	3	2	1	5	1	3	1	1	1	1	1	1	1	4	1	2	1	N.H.		
New Jersey	17	22	32	16	7	11	4	17	17	5,529	36	25	4	24	15	1	4	17	5	13	21	5	12	12	10	10	4	1	29	31	31	9	6	23	4	New Jersey	
N. Mexico	4	2	3	6	1	1	4	1	2	873	6	4	1	4	2	1	1	3	1	2	1	2	1	3	4	1	1	1	6	5	5	5	5	5	1	N. Mexico	
New York	22	25	35	33	19	19	28	32	18	7,763	59	43	11	19	24	6	2	23	7	23	27	8	25	30	12	8	8	9	41	37	47	6	27	3	1	New York	
N. Carolina	7	6	9	11	9	3	8	3	2	874	18	1	8	8	6	1	1	6	3	9	7	3	8	8	2	2	2	2	12	10	16	12	12	1	1	N. Carolina	
N. Dakota	8	3	3	13	1	1	8	3	2	1,862	10	2	2	5	5	1	2	5	3	4	3	5	5	8	8	2	3	3	3	8	8	4	3	4	1	1	N. Dakota
Ohio	21	7	35	46	13	1	28	17	17	5,765	52	19	5	28	14	2	2	22	12	11	7	17	34	32	7	7	10	2	39	18	20	17	17	22	4	2	Ohio
Oklahoma	8	2	9	25	8	7	12	10	2	1,516	24	8	1	9	7	1	1	19	13	2	6	4	6	16	8	8	3	3	11	15	17	15	8	8	8	Oklahoma	
Oregon	8	2	9	25	8	7	12	10	2	1,516	24	8	1	9	7	1	1	19	13	2	6	4	6	16	8	8	3	3	11	15	17	15	8	8	8	Oregon	
Penna.	17	20	49	56	26	5	25	26	32	11,638	66	29	6	38	17	1	3	38	7	30	28	8	13	20	35	5	8	5	31	31	27	1	13	25	4	3	Penna.
R. Island	1	1	1	1	1	1	1	1	1	1,210	2	1	1	1	1	1	1	4	1	2	6	2	1	2	1	1	1	1	1	1	2	2	2	2	2	2	R. Island
S. Carolina	5	1	1	1	1	1	7	1	1	1,395	6	1	1	7	5	1	1	12	2	4	5	3	3	7	10	3	1	1	1	1	2	2	2	2	2	2	S. Carolina
Tenn.	1	5	3	15	3	1	8	6	3	454	16	1	2	2	1	3	3	12	2	4	5	5	3	7	10	3	1	1	1	1	5	6	4	4	4	1	Tenn.
Texas	17	14	7	33	1	1	30	13	5	5,372	38	15	7	23	13	4	3	18	11	3	11	8	9	9	34	11	7	2	32	29	38	1	1	27	2	Texas	
Utah	2	3	1	4	2	1	5	2	2	2,320	4	1	1	1	2	2	3	16	3	2	2	3	2	1	1	3	3	1	3	3	2	2	3	3	3	1	Utah
Vermont	2	4	7	11	2	1	6	5	1	1,210	6	1	1	1	1	1	1	12	2	4	5	3	3	4	4	3	1	1	1	1	7	7	7	7	7	1	Vermont
Virginia	10	12	16	22	13	9	11	11	13	3,211	32	14	6	20	10	2	3	16	3	15	15	2	13	9	11	3	3	3	27	18	28	9	22	3	1	Virginia	
Wash.	9	7	12	8	2	1	12	8	2	2,644	19	9	2	11	6	1	3	6	7	3	7	8	5	3	15	1	2	2	15	10	12	8	12	1	1	Wash.	
W. Virginia	3	3	3	3	3	3	3	3	3	825	8	2	6	3	2	2	5	3	12	2	4	10	12	15	3	2	2	7	2	36	23	33	3	21	6	1	W. Virginia
Wisconsin	15	19	38	58	6	1	32	19	12	3,713	57	19	4	26	8	2	2	35	12	11	22	1	10	15	3	2	7	2	36	23	33	3	21	6	1	Wisconsin	
Wyoming	2	2	1	4	1	1	4	1	1	90	2	1	1	1	1	1	2	2	2	2	2	2	2	1	1	1	2	2	2	2	2	2	2	2	2	2	Wyoming
Total	358	323	602	941	219	97	593	370	284	\$193,983	1002	435	114	642	285	47	72																				

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(CONTINUED FROM PAGE 53)

dence that the architecture would be more contemporary than traditional. The modern buildings planned are, by analysis, to be typical of the functional design that has developed as a definite trend over the past few years. It has been interesting to note from contributions to our photo library local variations of the "modern." There is often the stylized note of a regional influence of the local business architecture—Spanish, for example, in the far western states. The colonial buildings with English and Georgian influence are in every other respect as modern as they come.

Many Modern Features

Starting at the bank entrance, our survey queried about certain basic features. Among those planning both new buildings and modernization jobs, 155 have plans for installing automatic doors, 53 checked revolving doors, and 727 indicated a present plan for swinging doors. A sizable number indicated a combination of the three distinctive types without checking a preference for any one. These figures point to one conclusion—glass will be the predominant material in 935 new door installations, and that's a significant trend away from the forbidding thresholds of the past. As one checks the charted replies (pages 54, 55) this factor blends into the general trend of the inviting modern openness of contemporary bank styling.

Complete sound conditioning throughout the new or remodeled

buildings was checked by 568 banks, and 305 have scheduled sound conditioning for limited areas. It is apparent that the majority of the new bank buildings in prospect will be sound conditioned throughout. Those which will confine acoustical installations to limited areas list first machine rooms and conference quarters where noise is the most troublesome factor. The scientific tests that have proved the neurotic effect of noise on production, efficiency, and employee morale have a strong significance in a business as exacting as banking.

Far more than half of the new and remodeled building projects indicate plans for complete installation of air conditioning—the total 718 jobs. And an additional 132 banks will provide air conditioning in limited areas. Some 530 installations will be central systems, while 69 banks indicated room units, and 41 banks checked window-unit installations. Obviously, the room and window units were mostly checked by banks planning for limited areas.

Again, banks checking limited areas listed machine rooms first, followed by conference offices and employee recreational facilities. Where main banking rooms are small enough, the right-sized room installation can give adequate conditioning.

It is also noteworthy that our chart shows a universal acceptance of air conditioning as a building feature; there is very little distinction between the cold and warm weather sections of the country. The

second section of our national survey, reporting on about 3,400 new building and modernization jobs completed in the last few years, questioned the experience with air conditioning. Although the actual figures are not available for release, the vast majority of banks reported enthusiastic satisfaction from both customer and personnel reaction, and most also indicated economies in cleanup maintenance.

Fluorescent Lighting

The score of lighting installations strongly favor fluorescent. Of the total, 828 banks plan fluorescent and only 66 incandescent. There are an additional 223 banks planning a combination of both types. There is a qualification here that would more than likely change these figures. Since most of the jobs reported have not yet reached the drawing boards, and do not have the benefit of architectural advice on modern light engineering, these figures must merely be indicative of individual preference. Most frequently architects recommend some type of combination system to utilize the special values of both types of lighting to the best advantage and for specific purposes. Practically every bank planning modernization lists lighting as one of the first objectives. It is one of the most important factors in every building program.

There seems to be a much wider spread of opinion on flooring materials. The chart reads: 81 linoleum, 125 vinyl plastic, 88 cork, 384 asphalt tile, 291 rubber tile, and 160 carpeting. Again, we qualify the figures as largely personal preference. It is interesting to note the increasing use of carpeting, once considered a very perishable item for general bank use. Bank use of carpeting in heavy traffic areas has proven highly satisfactory—and now its adoption is no longer a novelty.

The Big Traffic Problem

The traffic problem plagues most banks located in midtown areas. It is responsible for many moves reported in this survey, and it is the big concern of a large number of modernization projects. The best solution lies in serving the customer on the move with parking lots, motor banking, drive-in facilities, walk-up tellers and the latest—"snorkel" curb service. More than half the reporting banks have in-

Lobby of the Commercial National Bank, Charlotte, North Carolina





A corner of the "snack room" of the First National Bank of Elkhart, Indiana

licated plans to adopt at least one of these facilities, or a combination of several.

For most banks, some form of drive-in facility is the most practical answer to traffic congestion—parking lots being difficult to find, buy, or lease near an established location. There are 364 drive-in installations reported, 94 walk-up teller services as either part of the drive-in facility or operated separately, and plans for 18 "snorkel" units. The 289 drive-in facilities that will be housed within the bank building under new construction plans or a result of remodeling, will vary in a great many respects. The service is as versatile as the motorist's ability to drive close to a building.

It is interesting to note how banks are overcoming the physical handicap of being obliged to house drive-in facilities separate from the main bank building. Contact with an overpass is indicated by 16, and some type of underground tunnel connection will be adopted by 19, and 10 have plans for pneumatic tube installations which speed up contact and save on construction costs.

Parking lots are a second answer to the traffic problem. The chart lists 358 reporting banks planning accommodations for 18,656 cars, with individual lots ranging in size from 5 to 500 car capacity. Although the gross figure has little significance compared to the total traffic represented in the reporting bank cities, it stretches into a tremendous turnover, for the average bank allows no more than 15-minute

free parking period. The 273 bank-owned lots compared with the 54 leased arrangements underscore the fact that modern bank planning must make concessions to the problems of the motorist or risk the loss of his business.

The 167 banks planning to hire drive-in attendants, as well as the 59 scheduled for new parking lots indicate the percentage of our reporting group planning large scale operations.

The much-mooted question of providing rear entrance access to a bank building from its adjoining parking lot finds a partial answer in this study—188 of the reporting banks will have a secondary entrance for customer convenience. Most of these banks, aware of the security risk

factor, cancel speculation by indicating employment of special attendants, or being among the group of 201 installing silent alarm systems or of the 129 which are planning to install conventional alarm systems.

Counter Preference

Viewed from the customer side, the teller counters of reporting banks will be patterned on the so-called open, friendly design, with low counter screens and a modern version of the window well. Seven hundred sixteen banks plan to adopt this style, and 180 give indication of going a step further with some type of straight, open counter styling, without the encumbrances of grilled deal plate or screen. The No. 1 item on the remodeling schedule of most banks participating in this study is the replacement of old-fashioned high enclosed tellers' sections for a compromise of one or another of the open designs.

As for the operating side of the tellers' counter, 429 reporting banks elect the open flexibility of unpartitioned stations, most of which are designed by the spacing of window wells.

Some 269 banks checked plans for a sectional division of the working side of the tellers' counter—a compromise that is prompted by many considerations other than security. Only 67 of the reporting banks intend to preserve the fully enclosed style of teller section, and behind this are reasons of preference as well as budget limitations.

Auto banking facilities of the Utica Square National Bank, Tulsa, Oklahoma



The number of banks checking plans for adding new vaults (557), new night depositories (409), and safe deposit facilities (538) are predominantly listed among those planning new main office buildings and branches. But, many expansion programs list enlargement of vault and safe deposit departments, especially in the case of building additions.

Expansions Mean New Equipment

Inevitably, new bank construction and modernization means a heavy investment in all types of departmental equipment. Among the reporting banks, 301 gave figures on planned equipment budgets totalling \$4,372,000. The projection of this figure on the total 1,306 returns suggests the new equipment budget for the total group will be some \$19,000,000 for business machines and other equipment. Answering our question of what service departments will either be re-equipped or expanded, 510 of the reporting banks listed bookkeeping departments, 284 said commercial banking, 354 listed loan and discount, 380 checked tellers' divisions—and the figures continued: 131 credit, 123 mortgage, 185 proof, 257 savings, 277 safe deposit, and 139 for transit departments.

Another clue to modern bank planning is suggested by the number scheduling new and improved employee facilities. Almost half of the reporting banks (610, to be exact) list such improvements as lounges, recreation rooms, libraries, sun decks, facilities for hobby in-



Inside the drive-up window, University-Culver Office, Union Trust Company, Rochester, N. Y.

terests, showers, and whatnot. The meal problem loomed largest with 280 banks planning to provide kitchen equipment for free lunch service (or partial cost per meal basis), or at least the appliances which employees may use themselves.

Our reporting banks pay some particular attention to special facilities for women customers and community groups. Some 142 building programs will provide special accommodations for women including lounge and rest rooms, special service departments, reserved tellers' sections, parcel checkrooms, and down to such things as the loan of umbrellas on rainy days.

Favoring community interest, there are 149 new and remodeled buildings adding "community rooms" for the use of local social and civic groups. This is not, by any means, a new service idea; literally hundreds of banks have reported on the public relations value of creating closer ties with the officers and membership of local clubs through the offer of a nicely appointed meeting room. In rural areas, particularly, this courtesy substitutes for the town hall.

For the public at large, our reporting banks are not planning to hide new and remodeled candles under the proverbial bushel basket; they plan to merchandise their new quarters with 364 installations of the electric sign maker's art, and 158 outdoor clock attention-getters, and 43 weather reporting devices. And, as the public passes by, there will be adequate display windows in 447 more banks to tell a service story.

It is always a fair concluding question to ask—What reasons sustain current bank building activity? What prompts action at this point in a bank's career? The charted answer spells bursting seams—space needs of one kind or another, and all handicaps to doing a bigger and better job of community service.

It is a trite expression, but even more than ever true, "Modern quarters mean more business!" The proof has statistical backing in BANKING's second phase of this national building survey answered by banks that have experienced all the value of new and modern quarters.

Remodeled interior of the Proctor Trust Company, Proctor, Vermont



Canada's 1954 Trade Outlook

CHARLES M. SHORT

PARLIAMENTARY sessions were resumed in Ottawa during the first part of January with such a heavy agenda that they will probably continue well into the summer. The Prime Minister, Louis St. Laurent, will be absent for some weeks on a round-the-world airplane tour, but will leave some of his best colleagues to conduct the government's affairs, including C. D. Howe, Minister of Trade and Commerce, and D. C. Abbott, Minister of Finance. Mr. St. Laurent's tour should not be regarded as presaging his retirement from public life, for, while he is over 70 years old, he has been pronounced as mentally and physically fit and has stated his willingness to continue as Prime Minister for some time.

Hopeful View

The government takes a hopeful view of economic conditions in Canada during 1954, though stressing that in this country, as elsewhere, business is becoming more competitive and the buyer therefore in a stronger bargaining position than he has been for many years. This hopeful view is not shared by all private interests in Canada, some of which, notably the textile, electrical appliance, farm machinery and certain export industries, have suffered setbacks, partly attributable to abnormal imports from Europe as well as from the United States. However, it is generally felt that there is considerable strength left in Canadian economy and that it will not be weakened to any serious extent unless new capital expenditures this year decline markedly below the record level of 1952 (over \$5½-billion), and unless the American Administration is forced into further trade restrictions which would narrow the Canadian market for certain staple products, such as various food-stuffs, zinc and lumber. No reliable estimates of new capital expenditures this year will be available for another month or two, but there is every prospect of a quite pronounced shift in these toward housing and commercial and institutional construction.

Moreover, there is considerable work yet to be done on certain big natural resource projects, such as the final development of the Quebec-Labrador iron field and the new aluminum plant in British Columbia. Furthermore, a long-term coal modernization program is under way and there are fairly good prospects for the tapping of new sources of hydro-electric power, for the extension of oil drilling in western Canada and for laying down of gas pipe lines from that area to the big industrial provinces of Ontario and Quebec. If plans for these projects are consummated they will take up at least some of the slack in other investment fields.

Economic events in the United States are being closely followed both by the federal government and by most private interests. The Minister of Trade and Commerce has, however, expressed his confidence that, whatever adjustments take place in the U. S. in the immediate future, they are not likely to lead to any serious curtailment in sales of Canada's major export items.

Convertibility Desired

The Minister also stated that the next few months might bring important developments in the field of international economic relations. Basic questions of policy were now being re-examined in the United States, in the United Kingdom, and in other major trading countries. He was hopeful that the conclusions and decisions to be reached will make possible some real and effective progress towards the goals of convertibility of currencies and freer trade.

The reference to re-examination of trade policies in the United States was obviously to the Randall Commission, whose full report is anxiously awaited by Canada. Until this report is available and goes through the process of deliberation and effective action, the policy of the Canadian federal government is to refrain from any retaliation against the United States. In fact, the policy of the government has been to make

concessions which would not aggravate the foreign trade situation in the United States. True, it protested strongly against the cheese import quota of its southern neighbor and recently tightened anti-dumping regulations on textile imports designed to establish customs regulations on the basis of regular, instead of end-of-season sale prices to relieve the textile industry.

And at the same time the government resisted pressures from a few of its own party to set up export quotas and higher prices for the United States on such strategic materials as nickel. But at the request of American authorities the government agreed to limit Canadian exports of oats to the United States to about one-half those of the previous year, with the result that at least 25,000,000 bushels of this grain would have to find markets elsewhere, either in Canada or overseas, at a time when there is a huge surplus of this and other grains. Moreover, the Canadian government refused to take exception to the American Administration's decision to offer some of its wheat surplus to wheat-deficient countries at prices well below those prevailing on American and Canadian grain exchanges.

Open Trade Channels

To sum up: Canada's policy is to keep open the trade channels with the United States as well as with all other countries that have need of her large surplus production of many of the most essential materials and goods. While she has tariffs designed to protect her own industries, she has proved herself willing to be one of the freest national markets, for she realizes that unless she buys extensively from other countries, particularly the United States, she should not expect to find big markets abroad. In other words, her trade policy is simply multilateral, even though this might mean the sacrifice of some national interests. Much has been written about Canada's position as the third largest exporting nation in the world; she is also third largest importing country.

MURRAY OLYPHANT

Actually on December 31 less than \$400,000,000 was available before the statutory debt limit would be reached and the balance in the general fund has dropped to just about \$4½-billion probably to decline to \$3-billion or less by January 15. We suspect that the Treasury will be able to prove its point and that in due course the Senate will raise the limit, perhaps in time to permit new cash financing in April or May if market conditions are then as favorable as they are now.

At the end of May, 16 separate issues of Government bonds could be purchased to yield 3 percent to maturity, one of them for as short a period as five years. The longest-term bond (3¼ percent 6/15/83) showed a yield of nearly 3.30 percent. All these issues were then available at discounts ranging from 1½ points to over 10 points. Among the shorter-term issues, Treasury

Whatever the reason, it was clearly evident in the last two months of 1953 that *earnings* from Government securities were beginning to be considered rather than the purely secondary reserve and riskless characteristics of the very-short-term issues which had been the choice earlier. Moreover, whenever buying orders appeared, the lack of any floating supply in dealers' hands

was obvious. True offers of various issues made to establish tax losses continued but were of little help in meeting new demand, as sellers of one issue for tax purposes were usually buyers of another.

Federal Reserve Shows Its Hand

In the last four weeks of December, the Open Market Committee of the Federal Reserve System added over \$900,000,000 to its portfolio of Government securities bringing the total amount held to a new all-time high of almost \$26-billion. All the purchases were Treasury bills. A good many were reported as due in January, with the thought that such maturities would give the Federal the opportunity of dampening an excessive rise in prices—if such a rise should occur—by allowing the bills to run off without replacement.

Some of the purchases were direct additions to the portfolio. The balance were the result of repurchase agreements with Government dealers. These repurchase agreements were made at a $1\frac{3}{4}$ percent rate rather than at the prevailing 2 percent rediscount rate. A total of \$671,000,000 of these agreements was outstanding on December 29. During mid-December, the average rate at which the weekly sales by the Treasury were taken was between 1.60 percent and 1.70 percent. The first sale in January was at below 1.40 percent so that the amount of repurchases should drop sharply, especially as the rate went back to 2 percent on January 7.

One of the effects of the willingness of the Open Market Committee to keep buying bills has been the reappearance in the figures of "free reserves." Free reserves are the excess of member bank excess reserves over bank borrowings from the Federal discount window. There were no "free reserves" from about the middle of 1952 to about the middle of 1953. Since then there have been varying amounts of "free reserves" from week to week. At the end of 1952, the member banks were borrowing \$1,218,000,000 from the Federal and even then had only \$371,000,000 of excess reserves. But at the end of 1953, borrowings were only \$134,000,000 while the "excess" position was \$695,000,000. Over \$500,000,000 therefore, were "free reserves."

Furthermore the amount of bills purchased by the Open Market Committee in December was not necessitated by a seasonal rise in money in circulation because the rise in circulation for the month was only \$318,000,000. So it seems fair to conclude that these larger additions were intended not only to prevent any year-end money squeeze but also to assure both the banks and business that whenever credit is needed it will be made available. In short, the present money policy is anti-recessionary.

If that explanation is correct, then the good behavior of the bond market is pretty well assured for some time. Quite irrespective of whatever financing the Treasury has to do, and plenty has to be done, the market should be firm, confident, and rising moderately in spite of the rise which has already taken place. If the market should rise immoderately, the Federal has the wherewithal to stop it.

Treasury Financing

Maturities in February and March total over \$18½-billion. They consist of (1) \$8-billion $2\frac{1}{4}$ percent cer-

(CONTINUED ON PAGE 152)

Investment Markets

H. EUGENE DICKHUTH

LAST year set a 27-year record for bond flotations. The total was \$8,909,400,000, divided into nearly 1,100 issues. December alone also set a 27-year high in the bond field. A total of \$1,097,831,000 of new obligations was offered.

Nearly half of the bonds offered in the last month of the year were in the tax-exempt category. Indiana Toll Road Commission $3\frac{1}{2}$ s alone accounted for \$280,000,000.

Corporate bonds floated in December were \$310,000,000, of which General Motors debentures were \$300,000,000. Meanwhile American Telephone & Telegraph Co. was completing a \$600,000,000 debenture issue.

Even sophisticated Wall Street underwriters continue to be amazed at the relative ease with which the investment markets are absorbing record amounts of new securities. They think it is also remarkable that the float of unsold securities upon dealers' shelves is not larger than it is.

Stock offerings made to the public, however, were smaller than in the preceding year—in fact, the smallest since 1950. This was the result of a number of factors.

Most of the industrial capital and equipment expansion which has taken place was financed either out of plowed back earnings or on a short-term basis. There was no particular desire to engage in equity flotations which would increase the number of stockholders and perhaps reduce per share earnings.

STOCK offerings for the year were \$695,570,000 for 138 issues. This compares with \$937,159,000 for 174 issues in 1952.

The stock markets closed the year on a lower average price level than on January 1, 1953, but volume on all exchanges was generally larger than in 1952, so that brokers as a whole had a better commission income.

Volume on the New York Stock Exchange was about 355,000,000 shares for the year, against 338,000,000 in 1952. The year 1929 still holds the record, with 1,124,990,980 shares. Activity in December was the second highest for the year, with a turnover of more than 36,000,000 shares.

Exchange authorities are making considerable efforts to broaden public ownership of securities. The latest step in this direction was the introduction in January of a plan to purchase securities through member firms on a monthly payment plan.

The prospects for the capital investment markets for 1954 are regarded as satisfactory. Demand for money from states and municipalities will continue at high levels. Housing issues have established a pattern of about \$120,000,000 new money every quarter.

There is also the prospect of a St. Lawrence power project issue, of some \$50,000,000 in New York State bonds for mental hospitals, California's veterans' aid, Massachusetts and North Carolina turnpike bonds, to mention only a few. Thus, high hopes prevail for good business in 1954.

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Bank Forums for Women

A Survey of Their Extent, Methods, and Results

GENIEVE N. GILDERSLEEVE

In this article MISS GILDERSLEEVE, assistant secretary of the A.B.A. Trust Division, summarizes the information obtained in a BANKING survey of bank finance forums for women. BANKING's data cover a four-year experience with this educational service and provide factual answers, on a nationwide basis, to many questions concerning procedures, programs, results, and plans. The author conducted a similar survey in 1950 when the forum movement was just getting under way.

BANKING'S 1953-54 survey of finance forums for women made available a vast amount of useful information. It can be summarized as follows:

(1) The forums are on their way to becoming a permanent service of banks.

(2) The original 1949-50 pattern for finance forums for women is being varied by banks to suit the needs of different communities and is appearing in a wide variety of shapes and sizes.

(3) Bank forums for women and their variants are resulting in improved community feeling and are considered by many banks to be their best public relations activity.

(4) Banks that use their own officers as speakers seem to be the most enthusiastic about the permanency of the service and the value of the effort.

(5) While not the main objective, forums are resulting in considerable new business for all departments of the banks but mainly for the trust department.

(6) Forums open to all the women in the community are much more prevalent than those for customers or prospective customers.

(7) While costs have run up as high as \$6,500 for one series, most forums fall within the \$1,000 and \$1,500 bracket or lower.

(8) Forums may be held successfully in towns of any size, ranging from 900 population to over 8,000,-



The 50th forum meeting held by the United States National Bank of Portland, Oregon, had an attendance of 652, setting a new record for the bank's series. Further details about program on page 66

000, in the country's largest city.

(9) Cooperative forums, both with other banks and also with various women's organizations and adult educational institutions, are growing in number.

(10) No bank, however small or wherever located, with the facilities available, need fail to find a way to share in the benefits of the women's finance forum movement.

273 Banks Respond

Those 10 paragraphs are a distillation of the data received in replies to a questionnaire sent by BANKING to approximately 3,000 banks. Of the 273 replies received (we are grateful to the officers who answered), 140 banks from 41 states reported holding finance forums for women; 12 jointly with women's clubs. Some reported more than one forum over a period of years and some had held them in various cities throughout their states.

In addition to the 140, 31 banks said they were "considering holding one," 10 banks reported aiding women's clubs by supplying speakers and suggesting topics, two had given an "economic tea for women," one had co-sponsored a forum with

the Y.W.C.A., one had held a forum for farm women, and one reported a series of estate planning forums for lawyers and life underwriters and the general public, including women. Twelve banks had not held a forum but believed it would be a worthwhile project and said they awaited with interest the results of this survey. Two banks "doubted the value of forums for women," the 73 banks replied: "No forum held."

While the survey revealed that 140 banks had held finance forums for women, there should be added to this figure 87 banks not replying to the questionnaire but known to have held at least one forum (mainly in 1950, 1951, and 1952), as revealed by the author's previous survey and other reliable sources, thus bringing the known total to 227. Adding an adjustment figure of 23 to allow for the forums which have not come to our attention, a conservative estimate of the number of banks that have held finance forums for women would be about 250.

Two Banks Hold 5-Year Record

Turning now to the experience and views of the 140 banks that reported holding finance forums for

women in response to BANKING's questionnaire, some interesting facts are revealed. Two banks head the roster of 59 that have had more than one forum over the period 1949-1953. These—the First National Bank of Minneapolis and the First National Bank of St. Paul, Minnesota—have held forums in five consecutive calendar years, and both plan to hold one in 1954.

Next come four banks—The Valley National Bank of Phoenix, Arizona, the Stamford (Connecticut) Trust Company, the Boardwalk National Bank, Atlantic City, New Jersey, and the Manufacturers & Traders Trust Company, Buffalo, New York—which have held forums in four consecutive years; all plan one for 1954. Twelve banks have held forums in three consecutive years; eight of these banks plan one for 1954. Next are 41 banks with forums in two different years; of these, 20 plan forums for 1954 and two banks "possibly" plan one.

Finally, 81 banks have held forums in one year only; 18 of these plan forums for 1954, and 16 "possibly" plan one. Of the latter group of 81 banks that have held one forum only, nine held them in 1950, 20 in 1951, 26 in 1952, and 26 in 1953.

Community Feeling Improved

In answer to the question: "*What tangible results can you attribute to your forums (a) in better community feeling, and (b) in new business obtained for various departments?*" 129 banks, or 92 percent, reported improved community feeling. Of these, 13 said "greatly improved," seven said "slightly improved," one said "improved" in one city and greatly improved in another city, one said "improved in immediate business vicinity," and one reported "increased interest shown by depositors all around."

Of the 135 banks answering the next question, the forums of 111, or 79 percent, were open to all the women in the community; only 24, or 21 percent, were restricted to customers or prospective customers. In either case, the results in improved community feeling and new business obtained seemed to be satisfactory to the sponsoring bank.

Of the 140 banks, 98 (70 percent) reported new business obtained for one to five departments. Break-

ing this down further: 45 banks reported new business for one department, 30 for two departments, 16 for three departments, four for four departments, one for five departments, and two for "all departments."

The trust department led in new business obtained as a result of forum activity (73 banks, or 52 percent). The banking department was next, with 36 banks, or 26 percent, reporting new business. Next came the safe deposit department (28 banks), the investment advisory service (25), and the savings department (24).

A Permanent Service?

As revealed by answers to the question, "*Are finance forums for women likely to become a permanent service of banks?*," the majority of banks that have held forums believe this service is here to stay.

Of the 140 banks reporting having one or more forums over the four-year period, 88 banks, or 62 percent, believe that they are likely to become a permanent banking service.

Over 69 percent, or 97 banks, do not think the forums have reached their saturation point in their communities. Only 18 banks, or 13 percent, think forums have reached a saturation point, and 25 banks, or 18 percent, are uncertain.

Fifty-two banks, or 37 percent, plan to hold a second, third, fourth, fifth, or sixth forum in 1954, while 18 additional banks, or another 13 percent, are "possibly" planning to hold one. In addition, among banks that have never held a forum, 31 are considering one, and 12 other banks are much interested in the idea and in obtaining the results of the survey.

Breaking down the replies further, by the number of years that banks have held finance forums for women, it is interesting to find that the banks with the longest experience are among the majority of those believing that forums have possibilities of becoming a permanent service for banks.

The two banks that share the honor of having held forums for five consecutive calendar years are evenly divided in their views on this point of permanent service.

All four of the banks that have held forums in four consecutive

years, believe they are here to stay. Of the 12 banks that have held forums for three years, five believe that banks will continue to hold forums for women, four banks think not, and three are uncertain.

Of the 41 banks that have held forums for two years, 28 believe in their permanency, four do not, and nine are uncertain.

Of the 81 banks that have held only one forum, 52 banks, or over 62 percent, think that forums for women may become a permanent service, eight do not, and 23 are uncertain.

To the question: "*In your view which type of forum is most successful (a) one for women only or (b) one for both men and women?*," 71 banks answered "one for women only," 33 said "one for both men and women," while one replied "both types valuable." One bank questioned the value of either type of forum, 15 banks had no opinion (one said it depended on the size and nature of the community), and 19 banks did not answer.

To the question: "*In your view which type of forum is likely to be most successful (a) one for customers and prospective customers only, or (b) one for all women in the community?*," 86 banks believe a forum for all women in the community will be most successful, while 23 believe a forum for customers or prospective customers will be most successful. Twelve banks had no opinion (one said it depended upon size and nature of the community), one questioned the value of either type of forum, and 18 banks did not answer.

Experience with Speakers

The questions regarding speakers were: "*For speakers, did you have men only? Women only? Both men and women? Which were most favorably received?*" Seventy of the banks replying used men only, and 70 used both men and women, with six of the latter varying their practice in different years.

Of the banks that used both men and women speakers, the response as to which were most favorably received was: 37, "no difference"; 21, "men speakers"; 6, "women speakers"; and 6 did not answer. In this group, when answering the question as to whether *outside speakers* or *own officers* were the

most favorably received, 28 said outside speakers, seven said their own officers, 17 said "no difference." Three of the latter said that ability of speaker was the controlling factor, and another said it depended on the subject. Ten said they used outside speakers only, so could not answer, and eight made no answer at all.

The 70 banks that used men speakers only were evenly divided in their experience as to whether "outside" or "own officers" were most favorably received. Eighteen said "outside speakers" and the same number said "own officers." Five said "both were equally well received." Twenty-nine did not answer, 22 "because they used outside speakers only." Of the four banks using women only as speakers, two said "outside speakers were the most favorably received," one said "no difference," and one did not answer.

Forum Costs

In answer to the question: "What was the approximate cost of your forum?," a wide range of costs was revealed by the 135 banks replying, of from \$50 to \$6,500: Fifty-five banks, or 40 percent, spent less than \$1,000 per forum; 86 banks, or 63 percent, spent less than \$1,500; and 119 banks, or 88 percent, spent less than \$3,000. Only 16 banks, or 12 percent, spent more than \$3,000, and only 4 banks, or 3 percent, spent more than \$5,000, with a top of \$6,500.

Attendance Range

Of the 84 banks reporting attendance figures (this question was included only in a follow-up questionnaire), 48 banks, or nearly 55 percent, had audiences of between 35 to 300 women at their forums; 16 reported 350-450; 16 banks reported 500 to 950, and four entertained audiences ranging from 1,000 to 1,500. Table at top of next column.

That forums may be held advantageously in practically any size town or city is shown by the survey. Population of towns where forums were reported ranged from 900 to over 8,000,000 and forum banks were located in every section of the United States, with 76, or 54 percent, located in towns under 60,000. Fourteen banks held forums in towns with a population of under

ATTENDANCE RANGE AT FINANCE FORUMS FOR WOMEN, AS REPORTED BY 84 BANKS

No. of Banks Reporting	Attendance at Forums
9	35 - 100
21	101 - 200
18	225 - 300
10	350 - 400
6	425 - 450
7	500 - 575
2	600 - 650
3	700 - 710
4	800 - 950
4	1,000 - 1,500

8,000 and 14 banks held forums in towns ranging from 400,000 to over 8,000,000.

Among the banks most active in developing the finance forum idea, or a variation of it, are those which have statewide banking systems. Outstanding examples are The Citizens & Southern National Bank of Atlanta, Georgia, the Valley National Bank of Phoenix, Arizona, and the United States National Bank of Portland, Oregon. All believe that forums for women or for men and women jointly will be a permanent service of banks. All use their own officers as speakers either entirely or to a large extent.

One of the most enthusiastic believers in the forum idea is H. F. Prideaux, assistant trust officer of the United States National Bank of Portland. This bank reported one forum for women in 1951, but has held joint forums for both men and women on trust services since 1949.

Mr. Prideaux writes:

"During 1949-50 we held 11 evening meetings for both men and women which were so enthusiastically received that we covered the same 10 up-state areas and Portland in the women's series during 1951. During 1952 we held 13 evening meetings. During 1953 we repeated the evening series in these 13 locations and added two more, making a total of 15 during 1953.

"Our final meeting of the year was held on November 12 at the Multnomah Hotel in Portland. It was our golden anniversary meeting—the 50th forum meeting during four series since we inaugurated our first forum in 1949. We had an attendance of 652, which was by far the largest to date. Approximately 460 remained for the social hour (food and conversation)." Picture of 50th forum is on page 64.

The Valley National Bank, which believes that forums are a permanent service for banks, has the distinction of having put on nine or more forums since 1950 in cities where it has offices.

The Valley Bank's forum literature, including announcement folder, return post-card, and program notebook containing perforated question forms, is attractively laid out and printed. Each piece is well designed to appeal to women.

The bank features its own officers, both men and women, on the forum program, so "that they may later be available for consultation and referral." Varying the usual pattern, after the first three Thursday morning meetings of the five-session 1953 series, the women were invited "to bring the man in your life" to the last two sessions held on the succeeding Thursday evenings.

Variants

Several variants of the finance forums have developed in various parts of the country, including forums for men and women jointly, with buffet supper or tea; playlets or dramas of trust services, round table discussions; a one-day forum for farm women; small group discussions at women's clubs throughout the year; bank-sponsored courses in investments and money management at the Y. W. C. A.; and panel discussions on television.

The Kentucky Trust Company of Louisville, was the first to present a "Woman's Finance Forum in Dramatic Form," in 1951, with a repeat performance in 1952 and 1953. With trust department personnel as actors, "Four Dramatic Sketches on The Management of Property for Yourself and Your Family" were presented on the stage of the University of Louisville Law School, on four Monday afternoons, to an audience of about 90 women. Neville Blakemore, trust officer of the Kentucky Trust Company, reports: "We do not believe that our small dialogue form of forum which is devoted to four sessions dealing with estate matters, is in any way competitive with the usual type of large forum with four imported speakers talking on subjects of more general interest. We plan to repeat the dialogue forum each year indefinitely, as the women were sincerely interested and highly appreciative."

A similar idea was worked out by

the Stamford (Connecticut) Trust Company. With a cast composed mainly of bank officers, the bank presented, in cooperation with the Community Association of nearby Darien, a three-act play, "Dolls and Dollars—a Panorama of Profound Financial Facts." The first act covered investments, the second, estate planning, and the third, women's part in home finance.

A particularly interesting variant of the finance forum idea is being developed by one bank in an area where another bank has conducted a series of successful forums over a four-year period. George J. Kunze, vice-president and senior trust officer of the First National Bank of Arizona, at Phoenix, in addition to a regular forum, reports having launched, in the fall of 1953, a "workshop plan for presenting programs of finance forum topics to small groups of women."

Program Offered to Clubs

About 50 club presidents in the area were offered programs for their individual meetings. A 30-minute film, "Your Money's Worth," was also offered. The forum topic requested most often was "Wills and Trusts." "The reaction to this plan has been excellent," says Mr. Kunze. "The formality of the forum type presentation is eliminated. The smaller group meetings provide a very informal, friendly atmosphere and we have found the discussion periods much more effective. In a few instances the club meetings were held in private homes and were especially effective."

"There is no expense involved. We did purchase the film but it has also been used for many men's groups."

"The finance forums will still be used but as an adjunct to the year-round plan, rather than the main objective."

The North Carolina Bankers Association and the banks of Nash and Edgecombe counties, in cooperation with the Extension Service of the North Carolina State College of Agriculture, held a forum on November 18, 1953, for more than 60 farm women in Rocky Mount for a one-day study of banks and banking.

"Handicapped for space in handling such meetings," reported J. Homer Kennedy, assistant vice-pres-

ident of the First National Bank & Trust Company in Alton, Illinois, "we launched our first attempt at the local Y. W. C. A. as a part of their adult educational activities, with the bank furnishing the lecturers and all essential material for two seven-week study courses in Investments and one in Money Management, one night a week. Enrollment, among women principally, was handled by the Y. W. C. A., and because of growing interest was broadened to include men also."

"Some of our directors and stockholders assisted in promoting these programs. They served as lecturers, and were represented in the audience. In addition, they encouraged attendance of their friends and associates and contributed much to the ultimate success of each program."

Cooperation with Other Groups

One interesting and valuable outcome of the finance forums for women, as revealed by the survey, is that they are being increasingly instrumental in bringing banks into cooperative contact not only with one another through their banking associations but also with other groups in the community on all levels—city, state and national.

In Montgomery, Alabama, the three clearing house banks sponsored a cooperative forum for women in 1953 and plan one "possibly" for 1954. In Gadsden, Alabama, one was sponsored by the clearing house in cooperation with the Alabama Bankers Association and the University of Alabama Extension Center. In Sheboygan, Wisconsin, a forum for women was held by the five clearing house banks in 1952, again in 1953, and one is planned for 1954.

In 1952 the Delaware Bankers Association in cooperation with the Delaware Federation of Women's Clubs sponsored a series of forums in three cities: Wilmington, Dover, and Georgetown.

In October 1953 the New Jersey Bankers Association in cooperation with the New Jersey Federation of Women's Clubs announced a project for making available a series of economic and finance forums to the entire membership of the state Federation. The local banks in the club area are supplying qualified speakers, and are giving the local clubs, without charge, printed tickets, pro-

grams, and incidentals. At a pilot project at the Women's Club in Ridgewood, six Bergen County banks and 10 nearby women's clubs combined forces in conducting the forum. Forums have also been held in Englewood and several Bergen County towns.

On the national level, several women's organizations have requested the aid of the American Bankers Association as one of three consultants in promoting (1) finance forums and (2) money management study groups by their local clubs, and in all such cases while the A.B.A. may supply sample literature, it always advises "Consult your local banker."

Since 1950 the General Federation of Women's Clubs has been promoting such a project, with the A.B.A., the Association of Stock Exchange Firms, and the Institute of Life Insurance as consultants. Up to May 1953, 25 of the Federation's state chairmen had reported 428 club finance forums held, and many states had entered the G. F. W. C. Finance Forum Contest for the greatest proportion of women's clubs (of which there are over 15,000 in the U. S.) holding communitywide forums from September 1952 to March 1, 1954.

Study Guides

In 1953, at the request of the American Association of University Women, the A.B.A., the Institute of Life Insurance, and the Association of Stock Exchange Firms jointly prepared a set of Study Guides for the use of A.A.U.W. members, relating to the subjects of banking and trust services, life insurance, and investments, and by December 8, 1953, over 8,000 of these "AAUW Money Management Portfolios" had been distributed to over 1,200 A.A.U.W. branches and the public.

Not to be overlooked in any mention of finance forum activities are the women's forums held by the American Institute of Banking chapters. In the report of the National Forum and Seminar Committee of the A.I.B. for 1952-53, Eric H. Thomas, chairman, reported that 19 chapters had held 30 financial meetings for women, with 4,009 attending.

Altogether, the consensus of bankers and women's groups seems to be that forums are here to stay.

Women's TV Finance Forum a Hit

C. J. FRANDELL

The Security Trust and Savings Bank of San Diego has recently completed a highly successful women's forum over KFMB-TV in San Diego. According to the bank, this is the first time such a forum has been attempted on television anywhere in the country. Here's the story as told by C. J. Frandell, assistant vice-president and public relations officer of Security Trust.

IN THE SPRING of 1953, Security Bank held live forums in several communities in San Diego County where branch offices were located. Since they proved very popular and successful, the management looked around for methods of increasing the scope of the meetings for 1954. Television seemed a perfect answer and plans got under way.

Carefully Scheduled

It was decided that KFMB-TV, the longest established television station in the area, should be used. Next was the question of dates and times. Monday mornings seemed to offer good women audience opportunities, partly because many large San Diego stores do not open until noon on that day. Half-hour time segments were purchased on suc-

ceeding Mondays; January 18, 25, and February 1.

Top-notch Speakers

The question of top-notch speakers then arose, and after much consideration, plus many letters and telegrams, we were very fortunate indeed, to acquire three outstanding people in the financial field.

After these speakers were filmed on December 31, our next jobs moved fast. Working with our advertising agency, we designed good-looking personal invitations and mailed them to over 20,000 homes. These included Security Bank customers in the county, plus many other people in the various communities as listed by branch managers.

Teaser Campaign

Next came a teaser campaign of small newspaper ads and 20-second television commercials publicizing the coming TV forum to women. Publicity stories on the forum were forwarded to metropolitan and suburban papers. Free publicity announcements were awarded by the TV station we were using for the forum. Announcements were made by many officers of Security Bank

at service clubs and other organizations in many communities. Women were urged to pass the word along to other women. With all these methods, and others, we really got the word around.

In addition, just prior to each of the three discussions, large newspaper ads appeared in the TV and radio section of the metropolitan newspapers devoted to the particular speaker of the coming program.

Large, Eager Audience

Results proved that the bank had a large and eager TV audience when our first forum discussion period went on the air. The program opened with artwork television slides with the announcer's voice behind introducing the women's financial forum—the first of its kind to be presented on television. Then a staff announcer of the station appeared for the purpose of introducing Allen J. Sutherland, president of Security Trust and Savings Bank. After Mr. Sutherland's brief welcome and expressed reasons for presenting the forum, he introduced the speaker, Sylvia F. Porter, New York financial columnist and author, who flew to

(CONTINUED ON PAGE 70)

Allen J. Sutherland



Sylvia F. Porter



C. J. Frandell



Your bank



*First National Bank
of Joplin, Missouri*

can look as efficient as it is...

with this kind of modern, functional design

One of the most valuable assets you can have is a bank building that symbolizes up-to-date thinking and modern methods to your community. That's why every Bank Building Corporation project includes *both* skillful planning for top efficiency and pleasing modern design to appeal to the people you do business with. Find out how our forty years of specialized financial building experience can make your building or modernization more profitable. Write or phone our nearest office.



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Operating outside continental U.S. as: BANK BUILDING CORPORATION, INTERNATIONAL



"How RIFKIN SAFETY SACS with ARCOLOCK® Solved Our Night Deposit Problems"



Although night depository volume had been satisfactory, Mr. G. Winfred Baker, Assistant Cashier of the Allentown National Bank, Allentown, Pa., felt that night deposit efficiency was literally slipping through the loose padlock system the bank employed. Costly man hours were being squandered searching for lost padlocks, mislaid keys, and locating keys on the board.

Determined to eliminate this handling loss, Mr. Baker called in A. Rifkin & Company...subsequently installed Rifkin Safety Sacs with permanent ARCOLOCK®...and a foolproof master-key system. This system enabled the bank to open the hundreds of bags with one master-key while individual customers were protected with separately keyed ARCOLOCKS. Since this switch-over, the Allentown National Bank reports a tremendous gain in bag-handling time, greater customer satisfaction, and actual dollar savings in the depository operation.

The Allentown experience is just one reason why Rifkin Safety Sacs with ARCOLOCK, mail sacs, currency bags, zipper and drawstring coin bags...all handsomely silk screened or embroidered...are used in over 50% of the nation's banks.

PATENTED

ARCOLOCK



DRAWSTRING BAGS



ZIPPER WALLETS



ZIPPER COIN BAGS



SAFETY SACS



MAIL AND CURRENCY SACS



Find out how Rifkin "Quality" currency bags can add to your efficiency and public relations. Write A. Rifkin & Co., Wilkes-Barre 6, Pennsylvania for complete catalog and sample bags.

(CONTINUED FROM PAGE 68)

San Diego to appear on this first TV financial forum for women. She acquainted the television audience with some brand new ideas along the line of handling family finances more effectively.

The subject of the second discussion period, "Personal Securities Investment Planning," was presented by Thomas M. Cunningham, Jr., former registered representative of the New York Stock Exchange; former instructor, University of California Extension, and present partner, Cunningham-Cleland Company. Mr. Cunningham highlighted the importance of serious considerations to securities investment by the average family as a means of saving and of learning sound savings and business habits. Again, the station announcer opened and concluded the half-hour forum presentation. He urged listeners to stop at their near-by office of Security Trust and Savings Bank to pick up a personal copy of Mr. Cunningham's talk.

Offer Speech Copies

The third and final session of the women's forum, held on February 1, was called, "You and Estate Planning, Wills, and Trusts." Kenneth S. Walker, vice-president and trust officer of Security Bank, formerly vice-president in charge of the trust department of The Hanover Bank, Plaza Office, in New York, made the presentation, explaining these perplexing subjects in a complete, though abbreviated form. He was assisted by Marie Handy, professional TV performer, who played the role of an average wife and homemaker, asking typical questions on these topics. Again, after closing remarks by the staff announcer, copies of the speech were offered.

Naturally, an undertaking of this nature, one so new and different for all concerned at Security Bank, took plenty of hard, fast work; and a sizable expenditure was involved. But we have been well rewarded, both by many personal comments, by new interest created in our bank around San Diego County, and by compliments showing up in all of the 12 banking offices.

We all feel that we have benefited personally from the experience, and hope that next year we can present to this community an even bigger and better forum on television.

Continental Illinois National Bank and Trust Company of Chicago

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President, Deere & Company

Statement of Condition

DECEMBER 31, 1953

RESOURCES

Cash and Due from Banks.....	\$ 699,384,693.80
United States Government Obligations...	1,116,306,511.59
Other Bonds and Securities.....	147,144,814.46
Loans and Discounts.....	793,434,004.24
Stock in Federal Reserve Bank.....	5,250,000.00
Customers' Liability on Acceptances.....	1,488,697.78
Income Accrued but Not Collected.....	8,152,916.24
Banking House.....	8,400,000.00
	<u>\$2,779,561,638.11</u>

LIABILITIES

Deposits.....	\$2,536,500,394.70
Acceptances.....	1,488,697.78
Reserve for Taxes, Interest, and Expenses.	14,610,427.19
Reserve for Contingencies.....	18,108,730.42
Income Collected but Not Earned.....	924,150.87
Capital Stock (2,250,000 shares. Par value \$33½).....	75,000,000.00
Surplus.....	100,000,000.00
Undivided Profits.....	32,929,237.15
	<u>\$2,779,561,638.11</u>

United States Government obligations carried at \$257,713,044.44
are pledged to secure public and trust deposits and for other
purposes as required or permitted by law

LA SALLE, JACKSON, CLARK AND QUINCY STREETS
LOCK BOX H, CHICAGO 90, ILLINOIS

Member Federal Deposit Insurance Corporation

To the banker building in 1954 .

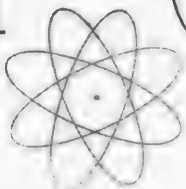


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24-Hour Emergency Service from

. . . for the

21st Century



There is one name whose century-old reputation is assurance of century-new achievement.

That name—Diebold—on the equipment you select for your new banking quarters is visible proof to the world that your bank builds permanently for the future.

When you build or remodel, experience for yourself the lasting satisfaction of knowing you have the finest in vault equipment—equipment that will be serving you with distinction into the 21st Century.

The Diebold representative in your area is trained to serve you in matters of bank equipment, and is a good man to consult when you are planning any type installation.

Diebold

I N C O R P O R A T E D

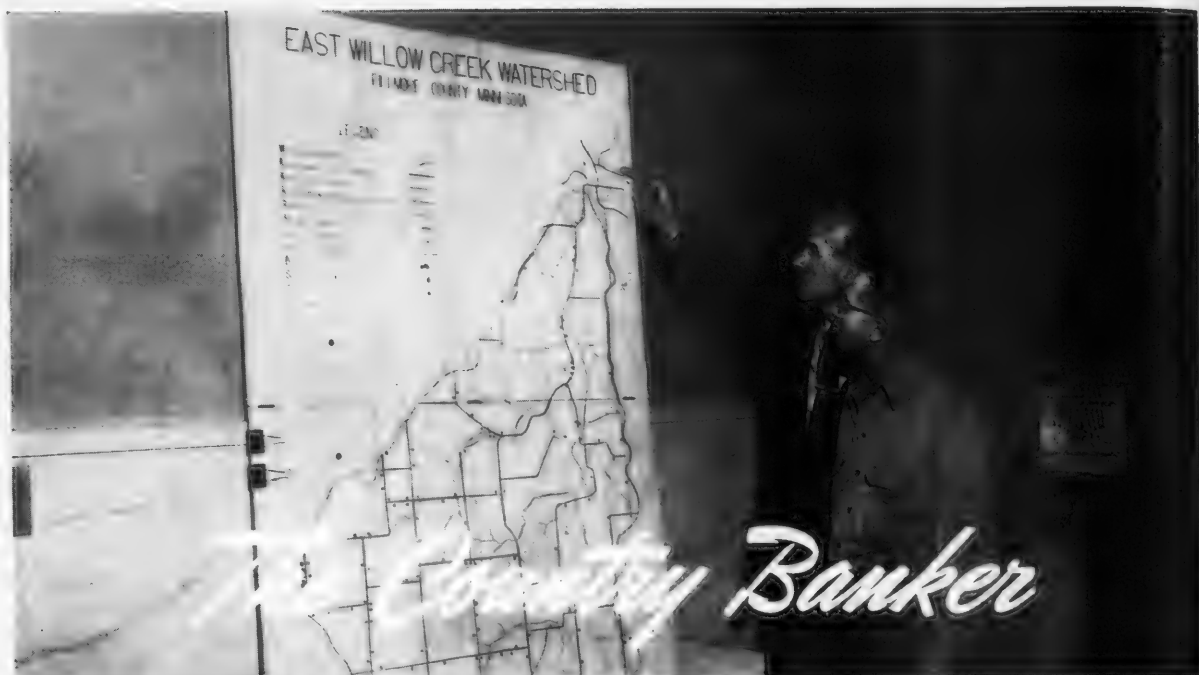
CANTON 2, OHIO

Pre-eminent since 1859

Branches and Representatives in Principal Cities



Coast to Coast by Factory-Trained Experts



Mr. Garratt discusses East Willow Creek watershed with Arnold Aakre, farm planner for the East and West Fillmore soil conservation districts. The map was placed in the Farmers and Merchants lobby after being shown in the bank's conservation booth at the Fillmore County fair

Bankers Encourage Soil Erosion Measures

HAROLD SEVERSON

As a follow-up to last month's article, "Northwestern Windbreaks Conserve the Soil," recounting the attention Minnesota bankers are giving to tree-planting programs to stem soil erosion, the contributions being made in this field by two other Minnesota country bankers are reported.

A. G. ("Andy") Sirek, executive vice-president of the State Bank of New Prague, has played a leading role in persuading county banking groups to purchase tree-planting machines. Currently 50 are available for supervised planting during the 1954 season in Minnesota. In the southeastern corner of the state, W. A. Garratt has been encouraging farmers to enroll in the East Willow Creek watershed undertaking.

Mr. Garratt is vice-president and cashier of the Farmers and Merchants State Bank of Preston. To emphasize the importance of the watershed project—one of two in the state—he ordered a map prepared to show the area covered by

the program. This was shown in a conservation booth sponsored by the bank at the recent Fillmore County fair. It then was displayed in the bank lobby.

The East Willow Creek watershed project requires the cooperation of every farmer—about 150 of them—in the watershed. Trees will be planted for erosion control, terraces thrown up to prevent gullying, fences removed and relocated, and waterways improved. Crops will be grown in contour strips instead of being planted in straight rows marching up and down hillsides. Wildlife areas will be established to give birds and small game a chance to exist.

It's an ambitious approach to the big task of preserving the remaining topsoil in the area. Conservationists have hailed it as the only practical method of tying down the soil. For years they've been saying that if every watershed in every county in every state was protected in a similar fashion, devastating

floods would be a thing of the past.

Unfortunately, funds are not available to protect all the watersheds. Congress, however, appropriated funds to set up 50 projects like the East Willow Creek undertaking. Two of the 50 are in Minnesota, the second one being located in Chippewa and Kandiyohi counties in the central part of the state.

"Merchants and professional people have a stake in this project," Mr. Garratt points out. "When a farmer's income is slashed because the best part of his topsoil is washed away, merchants in a farming community like Preston are affected. Gully erosion has damaged farmland heavily. A number of the gullies are three to six feet deep with a steep gradient.

"These things reduce crop yields," Mr. Garratt said. "And when crop yields are down, it hits the merchants and professional people where it hurts—in the pocketbook."

East Willow Creek itself is nothing

(CONTINUED ON PAGE 150)

Memo

From
Dr. Robert Spitzer
DIRECTOR OF RESEARCH
MURPHY PRODUCTS CO.

To THE COUNTRY BANKERS:

Here are the ANTIBIOTIC Feed Headlines
for 1954...

ANTIBIOTIC FEED HEADLINES FOR 1954!

Antibiotics Get New Names

Feed control officials meeting at Washington, D.C. have given new official names to some antibiotics. Aureomycin was labeled *Chlortetracycline*. Terramycin was labeled *Oxytetracycline*. The name Penicillin was not changed.

Antibiotics Don't Get Into Eggs!

Tests conducted by Lederle Laboratories* prove that there is no danger to the consumer who eats eggs from birds fed on antibiotic-bolstered rations. It has been proven that Aureomycin doesn't pass from bird to egg to consumer. No trace of Aureomycin could be found in eggs from hens fed even a level of 200 grams of Aureomycin per ton of feed.

Feeds Supplying The Proper Amount of Antibiotics Pay Off Double When Fed To Chicks During The Growth Period

Lederle Laboratory* tests report as much as 12% improved hatchability in breeding flocks when Aureomycin is properly added to early rations. Growth is boosted for first returns . . . hatchability from mature birds is improved for second returns.



MURPHY'S VIG-O-RAY CONCENTRATE FOR POULTRY and MURPHY'S VIG-O-RAY CHICK STARTER both supply lifelong uniform assurance of selected antibiotics for best growth, top egg production and maximum hatchability.



Farmers can put their trust in MURPHY quality.

MURPHY GUARANTEES LOWER FEED COSTS TO THE FARMER

*Lederle Laboratories Fifth Annual Symposium, American Cyanamid Company, 30 Rockefeller Plaza, New York 20, N.Y.

Antibiotics Can Lower Protein Needs For Pigs

The MURPHY PRODUCTS COMPANY of BURLINGTON, WISCONSIN has long believed that complete balanced rations scientifically fortified with proper levels of antibiotics plus minerals and vitamins, can produce maximum gains with lower protein levels than generally thought possible.

Now, the Iowa Experiment Station** work with pigs shows that maximum gains are obtained with about 14% protein in feeds that are scientifically fortified with the proper levels of antibiotics, and other key nutrients. Without antibiotics, more protein is needed for maximum growth.

Using higher levels of protein than necessary merely boosts the price of the feed to the farmer and as experiments show . . . actually reduces the efficiency of the ration.

The MURPHY PRODUCTS COMPANY formulates three feeds for pigs.



All of these MURPHY products, when fed as directed, supply pigs with the recommended level of high quality protein plus scientifically fortified levels of antibiotics. Farmers who feed MURPHY's put maximum gain on their pigs in the shortest period of time, because pigs get proteins, antibiotics, minerals, and vitamins they need. That's why, MURPHY's guarantees lower feed cost to the farmer.

**Reported at Cornell Nutrition Conference, 1954.
Prof. Damon Catron, Iowa State College.

NEWS *for Country Bankers*

A.B.A.'s 1954 Country Banker Program

This department is edited by MARY B. LEACH of BANKING's staff.

THE 1954 country bank program of the Agricultural Commission of the American Bankers Association, has been announced by Jesse W. Tapp, Commission chairman. It calls for the completion of several studies to assist banks in giving better service to farmers and the nation as a whole. Mr. Tapp is executive vice-president of the Bank of America, San Francisco.

In speaking of the program, which covers the activities of 11 committees, Mr. Tapp stated that "some of the projects are continuing in nature and others will be given special emphasis as the situation warrants. For each of the projects, a committee composed of outstanding farm-minded bankers has been appointed." A member of the Agricultural Commission acts as chairman of each committee and serving with him is a member of the Commission's Advisory Council.

In carrying out its goal, the Commission will cooperate with state bankers associations, agricultural experiment stations, colleges of agriculture and their extension services, farm organizations, the United States Department of Agriculture, and numerous other farm agencies.

The committee projects, as outlined by Chairman Tapp, include these points:

Youth Activities

CHAIRMAN: William C. Knox, vice-president, First National Bank of McKeesport, Smithton Office, Smithton, Pennsylvania.

THE Agricultural Commission requests the assistance of state bankers associations and banks in making more effective their support of 4-H Clubs, Future Farmers of

America, Future Homemakers of America, and organizations for older farm youth.

The International Farm Youth Exchange program is worthy of state association and bank support. It provides the opportunity for young people from farms in the United States to live and work on farms in other countries, and for farm youth from these countries to come here and observe rural life. The cost of the program is met by voluntary contributions to the National 4-H Club Foundation and to state IFYE funds through the state's extension service.

A handbook for 4-H and FFA groups will be prepared by the Agricultural Commission. This will embody fundamentals of banking and basic principles of farm credit. The

"Lone Star," grand champion steer of the International Livestock Show in Chicago, is about to sign the register with his hoofprints as he checks into the Congress Hotel. Sue White, owner-exhibitor from Big Springs, Texas, standing at left, and Leonard Hicks, Congress manager, lend a hand as "Lone Star" ponders what proved to be his undoing—his sale for the record price of \$20,100



UNITED PRESS

handbook will be written as a text and supplemented with a teaching guide for use by the county extension workers and teachers of vocational agriculture.

Agricultural College Short Courses

CHAIRMAN: Rex B. Stratton, assistant cashier, Security Trust and Savings Bank, Billings, Montana.

THE Commission is working closely with the short course section of the Land-Grant College Association and the W. K. Kellogg Foundation in helping to encourage the development of agricultural short courses in those states that do not have them. Scholarships are now being provided by the banks in several states and the Commission believes that this educational program should be fully supported by every state bankers association.

The Commission will assist whenever called on and will serve as a clearing house to aid other states in establishing programs in cooperation with their land-grant colleges.

A publication describing the scholarship programs in the several states will be prepared and made available to state bankers associations.

Soil Conservation

CHAIRMAN: Floyd E. Lull, president, Smith County State Bank, Smith Center, Kansas.

THE Commission cooperated recently with the Yale Conservation Program in a study to appraise the effectiveness of bank interest and support of conservation activities. A report of the study entitled "Bank Policies on Conservation Farming Credit" is available upon request.

(CONTINUED ON PAGE 78)

"...increased mail-in payments
between 50% and 60%."

Burroughs Sensimatic Coupon-Ledger Plan for installment loan accounting

Coupons and ledger pre-scheduled simultaneously

Three tellers do the work of four

COMPLETE, legible information for each installment, including balance after payment, is right on the customer's coupon. That's how Burroughs Coupon-Ledger Plan stimulates mailed-in payments. Manchester Trust Company, Manchester, Conn., found their mail payments increased more than 50% when they changed to this exclusive plan for installment loan accounting with a Burroughs Sensimatic.

The protection and convenience of this plan are especially important. On the versatile Sensimatic the continuous strip of coupons and the ledger are pre-scheduled simultaneously, assuring identical figures. Each posting of a paid coupon is proved on the Payment Journal. The amount of any error is printed, localized for quick correction. Partial payments are handled with ease.

Better customer service actually costs less, too. The Manchester Trust Company finds that five customers are now being served in the time it formerly took for one. Three tellers do the work that used to require four, and these three can still handle a 50% increase in regular work load.

Here are all of the advantages of a coupon installment plan, without the disadvantages. Ask your Burroughs man to explain it in detail. He's listed in the yellow pages of your telephone directory. Or write Burroughs Corporation, Detroit 32, Michigan.

WHEREVER THERE'S BUSINESS THERE'S

Burroughs



News for Country Bankers

(CONTINUED FROM PAGE 76)

The Commission recommends a long-range action program as follows: (1) Encourage the development of a sound conservation plan for every farm and ranch in the nation; (2) develop a credit program to support financially sound soil improvement practices; (3) have every state appraise its idle acres—and develop them into productive acres where practicable; (4) encourage soil analysis for both major and minor elements; (5) assist farmers where needed with a plan of credit to help them change to a better balanced crop and livestock system; and (6) assist in the development of watershed areas.

Forestry

CHAIRMAN: *Donald E. Brown, president, Carolina National Bank, Anderson, South Carolina.*

THE Commission will continue to emphasize sound forestry principles as applied to the protection, utilization, and reproduction of forest tracts. Banks must be familiar with these principles if they are to use the new lending right of making real estate loans secured by first liens upon forest tracts.

State bankers associations are urged to familiarize their bankers with the income-potential of the state's woodlands and to do the following:

(1) Cooperate with colleges of agriculture and with Federal, state, and private forestry agencies in making an appraisal or inventory, by counties, of farm woodlands and their production as part of a well-rounded farm enterprise.

(2) Make a listing by counties of the idle acreage or other potential forest land as taken from the 1950 agricultural census report and, where practical, encourage the planting of trees on this land.

(3) Determine the status of fire protection for timberland in each county with the thought of providing adequate fire control.

(4) Set up a forest taxation program applicable to small woodlands. In some states this would include special taxation, severance tax laws, and timberland assessments.

(5) Encourage farm youth in their forest conservation and utiliza-

tion projects by recognizing achievements and attending meetings.

(6) Encourage banks to familiarize themselves with the amendment to Section 24 of the Federal Reserve Act and the opinions of the office of the Comptroller of the Currency.

Livestock

CHAIRMAN: *Donovan E. Crouley, vice-president, Northwestern National Bank of Minneapolis, Minneapolis, Minnesota.*

WORKING in cooperation with state bankers associations, the United States Department of Agriculture, livestock producers, packers, and others concerned with the livestock industry, the Commission will keep abreast of the situation in order to assist the membership in financing the livestock industry.

A livestock financing manual is being prepared and will be available to the membership during the spring of 1954. It will cover in detail the financing of beef cattle, sheep, and hogs, and will include credit information needed to support various livestock loans.

State bankers associations and banks can assist in a livestock program by recognizing, evolving, and discussing lending practices in financing livestock production and pasture development; by cooperating with the Extension Service and other agencies in developing balanced grassland and livestock programs; by encouraging a program of selective breeding and culling for the production of better quality live-

stock; by encouraging the proper use of lime, fertilizer, and seed mixtures to improve pastures; by emphasizing the need for balanced livestock and crop enterprises to establish a higher and more stable income; and by supporting farm youth and their organizations in improving livestock production.

Farm Land Prices

CHAIRMAN: *Burr S. Swezey, president, Lafayette National Bank, Lafayette, Indiana.*

THIS committee will continue to meet regularly with the National Agricultural Credit Committee to discuss agricultural credit and farm land value trends. Studies will be made on the current situation and these will be available to member banks and others.

The Agricultural Commission re-emphasizes that state bankers associations should urge banks to:

(1) Encourage farmers to build up the per-acre productivity of their farm and ranch land in order to increase the production of food and fiber and improve farm incomes.

(2) Refuse to lend for speculation on farm and ranch lands or in farm commodities.

(3) Discourage all borrowing based upon high prices except where the funds are for seasonal use in the production of food and fiber, and where carefully prepared budgets indicate an adequate liquidation program.

(4) Advise farmers to keep in mind that the sound value of farm and ranch land depends upon the capacity to produce a profitable income over a period of years.

(CONTINUED ON PAGE 80)

Thanks to a good many banks and state bankers associations, quite a few two-row planters, such as this, are being used to plant hundreds of thousands of seedlings on waste land throughout the country



*This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities.
The offering is made only by the Prospectus.*

NEW ISSUE

January 12, 1954

\$100,000,000

International Bank for Reconstruction and Development

Fifteen Year Bonds of 1954, due January 1, 1969

Interest Rate $3\frac{1}{2}\%$

Price 100%

Plus accrued interest from January 1, 1954.

Copies of the Prospectus may be obtained from the several underwriters, including the undersigned, only in States in which such underwriters are qualified to act as dealers in securities and in which the Prospectus may legally be distributed.

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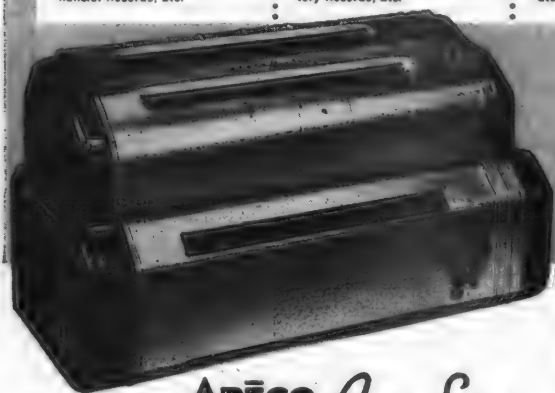
BOOKKEEPING: For Copying Work Sheets, Tax Returns, Checks, P & L Statements, Financial Records, Etc.



MANUFACTURING: For Copying Schedules, Work Sheets, Control Sheets, Master Records, Inventory Records, Etc.



SHIPPING: For Copying Receipts, Claims, Freight Bills, Packing Slips, Bills of Lading, Etc.



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ANYTHING**
right in your
own office!

APÉCO *Auto-Stat*
Systematic

EVERY DEPARTMENT can use the Apeco Systematic Auto-Stat. This new all electric photocopying machine prints, processes and dries automatically. It's fast—dry copies in less than 45 seconds! It's convenient—fits on the corner of any desk... it's ready for instant use! It's easy—anyone can operate it! Saves up to 80% on copying jobs. Eliminates retyping, hand copying, checking or costly outside copying service. Makes legally accepted black and white or colored copies from any original up to 11" x 17"—printed on one or two sides. So low cost—a complete Apeco Systematic Auto-Stat installation is priced well within the budget of even the smallest firm.

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News for Country Bankers

(CONTINUED FROM PAGE 78)

(5) Urge farmers to consult banks in building and maintaining adequate financial reserves.

Bank Agricultural Programs

CHAIRMAN: *Nicholas A. Jamba, vice-president, National Bank & Trust Co., Norwich, New York*

THE Agricultural Commission believes that every country bank should have an outside-the-bank agricultural program. It is preferable that the bank employ a full-time agriculturally trained man to handle the outside activities but, where this is not feasible, some member of the present bank staff can be assigned to devote part of his time to these duties. The outside man should promote "better credit" while he is working toward "better farming" in cooperation with other agencies established for that purpose. At present, upwards of 500 banks are employing agriculturally trained men and the Commission stands ready to assist other banks in setting up farm departments. Every state bankers association can assist in this program by compiling a list of banks employing agriculturally trained men.

A manual entitled "Serving Farm and Ranch Families"—as one of A.B.A.'s Public Relations Series—is being developed. This, when completed, will be made available to member banks and will give helpful hints in building new agricultural business.

Agricultural Lending Procedures

CHAIRMAN: *Allen Dezauche, president, St. Landry Bank & Trust Co., Opelousas, Louisiana.*

A revision or a supplement to the manual entitled "Farm Equipment Financing by Banks," published in 1946, is now being undertaken in cooperation with the A.B.A. Installment Credit Commission.

The Commission believes that the expense to the Government of the price support loaning operations of the Commodity Credit Corporation can be reduced substantially if the CCC lending operations and procedures are modified so as to utilize

(CONTINUED ON PAGE 82)

HARRIS Trust and Savings BANK



Organized as N. W. Harris & Co. 1882—Incorporated 1907

115 W. MONROE STREET, CHICAGO 90

STATEMENT OF CONDITION

December 31, 1953

RESOURCES

Cash on Hand and Due from Banks . . .	\$181,058,460.02
U. S. Government Securities	203,796,931.72
State and Municipal Securities	59,866,458.67
Other Bonds and Securities	2,622,287.76
Loans and Discounts	270,798,907.58
Federal Reserve Bank Stock	900,000.00
Accrued Interest and Other Resources . . .	2,860,833.68
Bank Premises	2,375,000.00
TOTAL	\$724,278,879.43

LIABILITIES

Demand Deposits	\$579,061,209.14
Time Deposits	93,378,423.29
Total Deposits	\$672,439,632.43
Dividend Payable	360,000.00
Reserves for Taxes, Interest, etc.	7,004,405.57
General Contingency Reserve	8,236,203.18
Capital	\$ 12,000,000.00
Surplus	18,000,000.00
Undivided Profits	6,238,638.25
Total Capital Funds	36,238,638.25
TOTAL	\$724,278,879.43

United States Government Obligations and Other Securities carried at \$81,201,865 are pledged to secure Public and Trust Deposits and for other purposes as required or permitted by law.

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Member Federal Reserve System . . . Member Federal Deposit Insurance Corporation

News for Country Bankers

(CONTINUED FROM PAGE 80)

effectively the existing lending facilities of banks and other agencies engaged in financing farmers. The Commission will continue to cooperate with the CCC, farmers, and the appropriate agricultural marketing trades in developing revised lending procedures.

The development of farm credit files and forms for recording credit information will be stressed by the Commission. Banks must require better records if they are to further develop sound and constructive banking services for farmers.

Farm Management by Banks

CHAIRMAN: John H. Crocker, president, Citizens National Bank, Decatur, Illinois.

THE Commission recognizes that many banks manage farms held in trust and for absentee or non-operating owners. Professional farm managers are employed and their principal aims are to increase the income for the owner, to improve and conserve the land, and to increase the value of the property.

A study will be made of the farm management work presently being undertaken by banks and it is contemplated that a manual embracing sound farm management procedures will be prepared. The purpose of the manual will be to assist banks in establishing farm management services and will include accounting procedures, pertinent forms, procedures for taking on new farms, and other information to assist banks in managing farms.

Farm Credit

CHAIRMAN: Harry W. Schaller, president, Citizens First National Bank, Storm Lake, Iowa.

THE Commission has always recognized the necessity and importance of close cooperation with the major farm organizations on questions of policy and legislation affecting agricultural credit. The Farm Credit Committee will continue to meet with the Joint Farm Credit Committee of national farm organizations to develop a program of simplifying and strengthening the farm credit services available from private, cooperative, and Government agencies.

The Farm Credit Act of 1953, passed by the 83rd Congress, declares the policy of Congress to encourage increased borrower management and ultimate ownership of the farm credit system. The bill makes no provision for the retirement of Government capital held by certain agencies at this time. However, the A.B.A. continues to insist that the cooperative agencies of the Farm Credit Administration, which have Government capital, should pay interest for the use of this capital commensurate with the cost of funds to the Treasury. The Agricultural Commission believes that the farm credit system will be greatly strengthened by the type of management provided by the new legislation and that, as a consequence, it may be practicable to work out plans for retiring the remainder of the Government's investment in the system.

Farm Credit Schools

CHAIRMAN: John T. Yantis, president, First National Bank in Brownwood, Texas.

THE Commission will continue to stress that all states should have farm credit schools or general agricultural schools for bankers. It is gratifying to note that 42 of the state bankers associations are now sponsoring credit schools in cooperation with their colleges of agriculture. The Commission will serve as a clearing house on programs, sub-

ject matter, techniques, and other features of these schools so as to be helpful to other states desiring information.

The present agricultural situation emphasizes the diversity of agricultural problems with which farmers and banks find it necessary to cope. The main objective of credit schools and general agricultural schools shall be to promote a better understanding of the problems of agriculture. This understanding based upon a knowledge of sound farming practices and techniques coupled with suitable credit facilities, will promote the development of a higher standard of living in our communities.

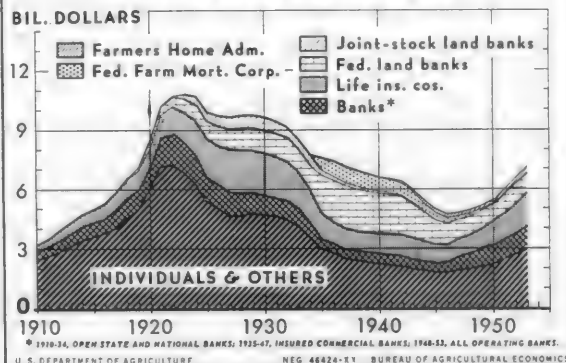
New Farm Chemicals Book

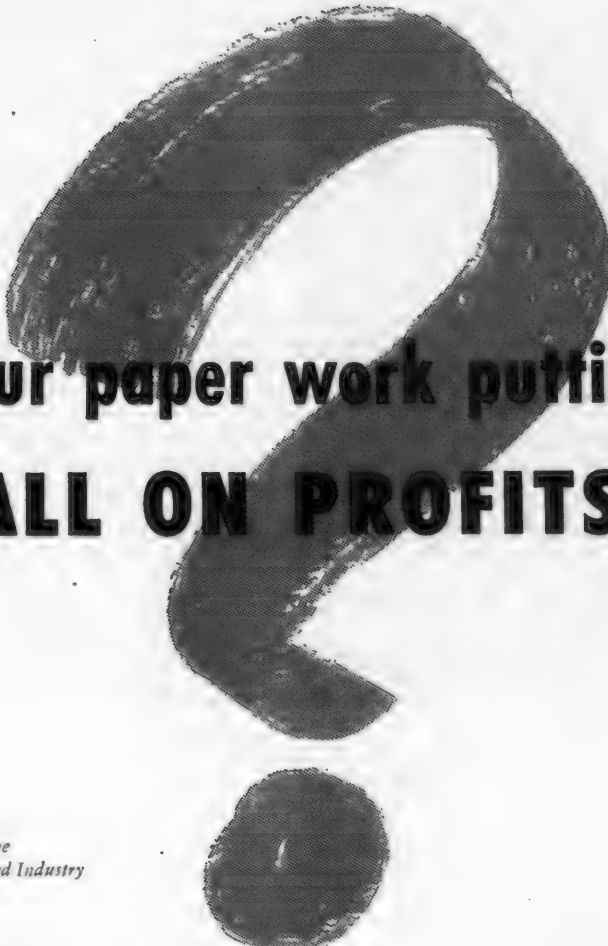
BANK outside farm representatives will doubtless find interesting and instructive the latest booklet in the "This Is du Pont" series of booklets entitled "The Story of Farm Chemicals." Extensively illustrated, the booklet covers these general subjects: "Man Against the Soil," "The Obstacles," "Pushing the Limits," "Farm Machinery," "Chemical Science Joins the Battle," "Fixed Nitrogen," "Chemicals Meet the Challenge," "Plant Diseases," "Weeds Are Criminals," "Animals," "Farm Chemicals," "Equipment Powers Farmers' Advance," "Living Standards Show Sharp Rise," "The Need: More Food," and "Agricultural Implements."

For copies write E. I. du Pont de Nemours & Co., Wilmington.

(CONTINUED ON PAGE 84)

FARM MORTGAGE DEBT HELD BY MAJOR LENDERS





Is your paper work putting a **PALL ON PROFITS?**

*One of a Series of Messages to the
Leaders of American Business and Industry*

Is your paper work properly simplified and mechanized?

Here is another point of attack on today's sharply rising costs of doing business.

As manufacturing has become more systematized the number of clerical workers, in most instances, has increased faster than the number of factory employees. Mechanization and standards have been applied to factory functions with notable success, while the mechanization and the establishment of office work-load standards for clerical functions has been much less thorough.

Do you know the total cost of your paper work? Are these costs hidden perhaps under the general heading of "administrative expense"? The startling fact is that, in many instances, the salaries of the executive staff and clerical force often appear as one sum on the operating statement, while the factory payroll is always clearly differ-

entiated. This tends to obscure excessive clerical expense.

A professional management consulting firm might well tackle the problem of paper work from several angles. For example, a consultant would dig deeply to discover just how much paper work is unnecessary, how much is useless. A second step would be to analyze the overall situation with a view to introducing better systems and adequate mechanization. Finally, a management consultant would leave no stone unturned, investigating the possibilities of placing certain employees on a work standard basis, exploring the opportunities for greater output per employee.

Best results, however, should be expected from that management consultant firm whose background embraces many similar paper work problems, whose well-of-experience is deep enough never to run dry of sound solutions.

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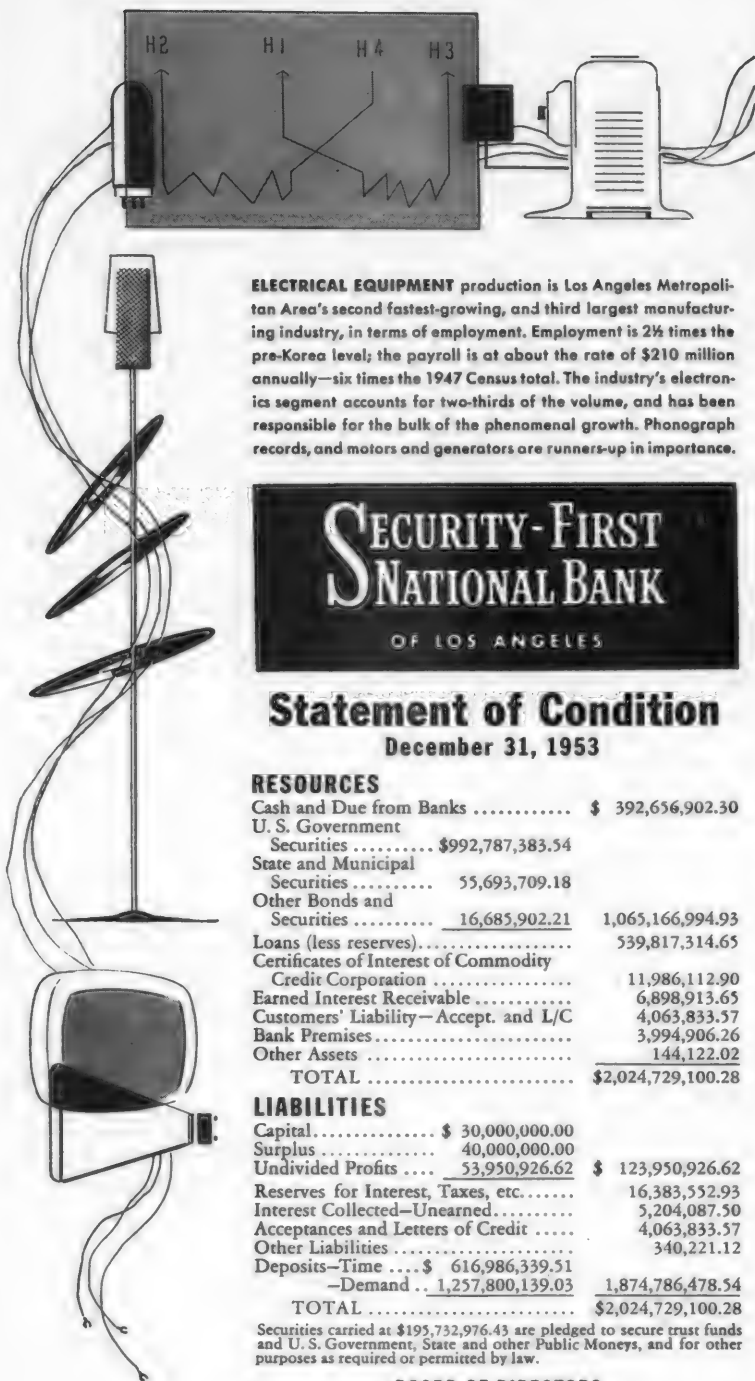
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ELECTRICAL EQUIPMENT production is Los Angeles Metropolitan Area's second fastest-growing, and third largest manufacturing industry, in terms of employment. Employment is 2½ times the pre-Korea level; the payroll is at about the rate of \$210 million annually—six times the 1947 Census total. The industry's electronics segment accounts for two-thirds of the volume, and has been responsible for the bulk of the phenomenal growth. Phonograph records, and motors and generators are runners-up in importance.

SECURITY-FIRST NATIONAL BANK

OF LOS ANGELES

Statement of Condition

December 31, 1953

RESOURCES

Cash and Due from Banks	\$ 392,656,902.30	
U. S. Government Securities	\$992,787,383.54	
State and Municipal Securities	55,693,709.18	
Other Bonds and Securities	16,685,902.21	1,065,166,994.93
Loans (less reserves)		539,817,314.65
Certificates of Interest of Commodity Credit Corporation		11,986,112.90
Earned Interest Receivable		6,898,913.65
Customers' Liability—Accept. and L/C		4,063,833.57
Bank Premises		3,994,906.26
Other Assets		144,122.02
TOTAL		\$2,024,729,100.28

LIABILITIES

Capital	\$ 30,000,000.00	
Surplus	40,000,000.00	
Undivided Profits	53,950,926.62	\$ 123,950,926.62
Reserves for Interest, Taxes, etc.		16,383,552.93
Interest Collected—Unearned		5,204,087.50
Acceptances and Letters of Credit		4,063,833.57
Other Liabilities		340,221.12
Deposits—Time	\$ 616,986,339.51	
—Demand ..	1,257,800,139.03	1,874,786,478.54
TOTAL		\$2,024,729,100.28

Securities carried at \$195,732,976.43 are pledged to secure trust funds and U. S. Government, State and other Public Monies, and for other purposes as required or permitted by law.

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**140 Offices and Branches serving
Central and Southern California**

MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

News for Country Bankers

(CONTINUED FROM PAGE 82)

Soil Conservation Ads

Two large soil conservation newspaper advertisements used by the Bank of Ripley, Ripley, West Virginia, have sales and public relations value. One features the value of farm ponds and includes, in addition to other copy, this message in 18 point type:

"This bank has always given its support to all things designed to improve our county because we know that we can only prosper to the same degree that our customers prosper."

The second ad develops a harvest theme and is illustrated with drawings of man, wife, and son, each holding a large basket of fresh garden vegetables and fruits. A banner head reads: "Bountiful Harvests Can Only Come from the Good Earth!"

Forestry Arsonist Award

THE third \$100 award for information leading to the conviction for a Florida forest fire law violation was paid recently by the Florida Bankers Association. The association has a standing offer of a \$100 reward to persons who provide information leading to the arrest and conviction of anyone willfully setting a forest or woods fire in violation of the state law.

The rewards are offered, according to Henry C. Coleman, association president and president, Com-

"Everything is in exact scale, including a tiny barnyard aroma"



mercial Bank, Daytona Beach, to help stop the unlawful and shameful waste of the state's forest resources.

Schools Plant Trees

SCHOOL children of Atlanta and Decatur and Fulton and DeKalb County schools planted approximately 133,900 pine tree seedlings on December 10 as a part of the celebration of the Georgia 4-H Club's "Tree Appreciation Day." Part of the plan was to have all boys and girls of school age throughout Georgia plant a tree in their yard or in some vacant lot or field.

In Atlanta and Decatur and in Fulton and DeKalb counties, this program was sponsored by the Fulton National Bank of Atlanta which made available to local schools a total of 133,900 pine seedlings. These were bought from the Georgia Forestry Commission nurseries. Many other banks throughout the state are supporting similar projects in recognition of the importance of forestry products to Georgia.

Industrialist Talks to Rancher About U.S. Economy

FROM A. E. Fordham, president of the Gunnison (Colorado) Bank and Trust Company, BANKING has received a copy of a letter written by a Middle Western industrialist to a rancher in the Gunnison area. The industrialist talks about the livestock slump and the free enterprise system. His letter reads in part:

"From 1939 until 1952 there was a great demand for beef, stimulated by war and fear of war. It was completely silly to believe that steer calves would bring nearly \$200 each and that this would continue forever. It was a good time to make money, but also a good time to recognize that we were living in abnormal times. Men who ran feed lots made tremendous profits, and it didn't matter what they paid for grass-fed cattle. Suddenly, the balloon which had kept going up and up started coming down. I learned as a small boy that no matter how high I threw a baseball it eventually started coming down. I don't know why full-grown men are surprised at this operation of a natural law.

"When the feeders began to get hurt, prices began to slump off at

Metropolitan Atlanta 4-H Club leaders plant the first of 133,900 pine seedlings donated to the Atlanta schools by the Fulton National Bank. Back row, left to right, Paul D. West, Superintendent of Fulton County Schools; C. E. Sherard, assistant agent, Fulton County; Erle Coker, Fulton National president; Frances McKay, home demonstration agent, Fulton County; and Anne B. Randall, assistant agent



the stockyards. Then, the worst drought of my lifetime sent millions of cattle to market at a time when there were few buyers. The results were inevitable. Now, a lot of ranchers apparently blame Secretary Benson or President Eisenhower for all of this. *Is it possible that they do not know that not one law or regulation has been passed by this Administration which has had an adverse effect upon cattle prices?*

"Another thing that annoys me a little with cattlemen is that some of them seem ignorant of the fact that the Federal Government never has had any money and never will have any unless they start printing money without a gold reserve back of it. All the Federal Government does is collect tax money from all of us. A New Deal theory, which has proved popular with voters, was to take money from one group of people and hand it over to another. Even then, all that was collected was not handed over because it took upwards of 3,000,000 Federal employees to do the clerical work on this, so that \$100,000,000 of collected taxes became about \$80,000,000 to be redistributed.

"Some believe that 1954 promises to be a bad year in the automobile industry. It will probably be a bad year in the rubber industry. If we're going to guarantee everybody a profit, I think it would only be fair for the Federal Government to guarantee the profits of the automobile companies and of my own company. I would be for such a scheme if it would work because it would never

be necessary to use any brains to run a business—just send a bill for your losses to Washington. I am convinced that such a program cannot work. I am, of course, sorry that the cattle business is badly hurt, but it's a corrective movement which, in my opinion, will work to the advantage of good cattlemen. It will work to your advantage if you use your head.

"Our company has gone as many as five years without having one month that it was not in red ink, yet it never occurred to me that we should sell out. It could easily happen that 1954 would be in red ink, but that would neither alarm nor send me to Washington asking for help. That's the kind of an economy I like to live in. It's the profit and loss system of free enterprise and the greatest system yet devised for a high standard of living."

Texan Boosts Conference

UPON his return to Texas from Chicago, where he attended the American Bankers Association's second annual National Agricultural Credit Conference, J. Wheeler Barger, professor of agricultural economics at Texas A & M College, prepared a digest of the conference discussions and sent mimeographed copies to 650 Texas newspapers and to all county agents in the state. The news release accompanying the digest carried a head reading: "Bankers solidly behind future of agriculture."

Professor Barger is program planning chairman of the annual Texas Bankers Credit School.

A. I. B. Explores Management Development

WHEN the Executive Council of the American Institute of Banking held its midwinter meeting at Sea Island, Georgia, late in January, one of the important items on the agenda was the possible broadening of the curriculum to include courses in management development, leading to a new A.I.B. certificate. The Council heard from Dr. Leroy Lewis, national educational director, an informal report on the exploratory work that has been done.

INSTITUTE officers have been examining for some time the A.I.B.'s potential contributions to the preparation of bank personnel for executive jobs. The planning has progressed to the point where a series of conferences with senior bank officers is being held in representative sections of the country to discuss the need for and scope of special training for these positions, the courses that might be included in the teaching program, the probable market among bank people, and administrative problems.

Although the educational program is not yet in blueprint form, it has been roughly sketched in conversations among Institute officers, staff executives, bankers, and chapter leaders in a number of cities. These discussions have crystallized several points that provide a base for further exploratory work.

They may be briefly summarized as follows:

THE A.I.B.'s present graduate program of 10 courses should remain as it is. In other words, men and women who are specializing in investments, credit and trusts would continue these studies.

But four to six courses might be added to the graduate curriculum. Suggestions for these studies include personnel administration, psychology, more law than is now offered by the Institute, public relations, bank administration, speed

reading and comprehension, training in civic responsibilities.

Considerable thought is being given to the method of selecting candidates for an executive certificate, but there is a rather definite feeling that they should be named by the banks. Numerous questions have arisen in this connection—for example, whether the Institute should ask a bank to certify that a prospective student is officer material. Obviously, there's the possibility that his academic ability is first rate, but that he isn't a good banker. In any event, it is rather generally felt that no certificate would be issued by the A.I.B. solely for academic performance.

CANDIDATES for management development would be drawn mostly from the banks' junior officers.

On the whole, the best source of students is the banks' own staffs. As one banker observed, "If we can't draw on our people, it's management's fault for not getting the right kind of material."

An executive development program, it is believed, would have considerable value as a recruiting in-

ducement; it should attract highly desirable personnel.

Furthermore—and this seems highly important—it would provide even better men for The Graduate School of Banking.

Generally speaking, the senior executives who have contributed to the discussions thus far held have agreed that the banking business requires a constant supply of trained personnel who can hold tomorrow's top management jobs. The proposed educational program would fill a gap between the practical training now being offered by many larger banks, and the G.S.B. curriculum. While it is readily admitted that "you can't make a man an executive by giving him a few courses and a diploma," proponents of the A.I.B. program point out that carefully prepared courses could help his progress.

THE Institute is taking plenty of time for its planning along this new line. It is convinced of the need, confident of bank support, and well aware of the problems that must be met before it can offer courses leading to the suggested new certificate.

J. L. C.

Four Washington, D. C., bank executives participated in a panel discussion of A.I.B. management development plans held in the Capital under auspices of Washington Chapter. At the table, *l. to r.*, Bruce Baird, president, National Savings and Trust Co.; T. C. Cox, vice-president, Union Trust Company; Dr. Leroy Lewis, A.I.B. national educational director, *moderator*; Richard A. Norris, president, Lincoln National Bank; F. A. Gunther, executive vice-president, Security Bank



Gateway to business in Indiana—

THE INDIANA NATIONAL BANK OF INDIANAPOLIS

Condensed Statement of Condition at Close of Business December 31, 1953

Resources

Cash on Hand and on Deposit with Federal Reserve and Other Banks . . .	\$119,801,857.13	} \$299,571,496.97
U. S. Government Securities . . .	179,769,639.84	
Other Bonds and Securities . . .		25,798,293.60
Stock in the Federal Reserve Bank . . .		645,000.00
Loans and Discounts . . .		99,525,554.33
Bank Buildings . . .		2,000,000.00
Accrued Interest Receivable . . .		1,085,603.36
Customers' Liability under Letters of Credit . . .		128,282.74
Other Resources . . .		397,426.21
		<u>\$429,151,657.21</u>

Liabilities

Capital . . .	\$ 6,500,000.00	} \$ 28,407,542.39
Surplus . . .	15,000,000.00	
Undivided Profits . . .	6,907,542.39	
Accrued Interest, Taxes and Other Expenses . . .		2,180,891.28
Dividend payable January 2, 1954 . . .		227,500.00
Deposits . . .		397,504,476.74
Unearned Discount . . .		615,537.12
Letters of Credit Issued . . .		128,282.74
Other Liabilities . . .		87,426.94
		<u>\$429,151,657.21</u>

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Since 1834, The Indiana National Bank has been at the heart of business and banking in Indiana. We believe the statement above attests the Indiana National's stature and capacity to serve you—effectively.

Uniform Commercial Code (III)

Its Effect Upon the A.B.A. Fictitious Payee Act

THOMAS B. PATON

The author, who is assistant general counsel of the American Bankers Association and secretary of the Association's Committee on State Legislation, presents the third article in a series on the Uniform Commercial Code. MR. PATON is author of the A.B.A. Fictitious Payee Act adopted in 20 states.

THOSE who cash or pay checks and are liable to suffer huge losses on "forged" endorsements will be gratified to learn that the protection they now have under the A.B.A. Fictitious Payee Act, approved in 1931, will not be adversely affected by the proposed Uniform Commercial Code. In fact, Article 3, §3-405, of the code not only follows the principle of the A.B.A. act but, as will be explained later, widens its application and affords more protection.

For legislation of such importance, progress in its enactment has been all too slow. Its adoption in 20 states, however, is worthy evidence of its value in the field of negotiable instruments. In view of the vigorous efforts to promote passage of the code in all states, the A.B.A. statute is gaining new meaning and its future progress will be watched with greater interest.

Fictitious Payee Act

The purpose of the A.B.A. Fictitious Payee Act is best explained by using as an illustration those situations involving the clever operations of a dishonest employee who has been found guilty of padding the payroll or preparing false invoices for which genuinely signed checks are drawn and placed in his custody for delivery to the fictitious payees named—a scheme familiar to most bankers, surety companies, and businessmen. Clothed with the authority to prepare checks for signature or otherwise furnish the dollar amounts and names of payees, a dishonest employee having the confidence of his employer finds it an easy matter

to supply names that are either fictitious or real persons having no interest in the checks. Having possession of the checks, he finds no difficulty in endorsing, cashing, and depositing them either personally or through an accomplice and pocketing the proceeds.

One would naturally think that the employer who carelessly issues such checks should be the loser. This is not the case, however. Due to the wording of the Negotiable Instruments Law, §9 (3), the decisions hold that without a genuine endorsement no individual or bank of deposit can receive a valid title to the instrument nor is the drawee bank authorized to pay the same.

Negotiable Instruments Law

For this unfortunate result, the language of the Negotiable Instruments Law is responsible. Section 9(3) provides:

"The instrument is payable to bearer . . . When it is payable to the order of a fictitious or nonexistent person, and such fact was known to the person making it so payable."

In other words, the drawer is not held responsible if he has no knowledge that his employee is supplying the names of fictitious payees. If he had such knowledge, the check would be treated as a bearer instrument and could be transferred without endorsement.

It was this alarming situation that led to the drafting of an amendment to §9(3), known as the A.B.A. Fictitious Payee Act, reading as follows (new matter italicized):

"The instrument is payable to bearer: . . . When it is payable to the order of a fictitious or nonexistent or living person *not intended to have any interest in it*, and such fact was known to the person making it so payable, *or known to his employee or other agent who supplies the name of such payee.*"

This act is based on the theory, believed to be sound, that the drawer of checks should be held responsible

for his own carelessness when he causes to be put into circulation checks to which no one can possibly obtain a valid title—checks which are not susceptible of a genuine endorsement.

Code More Far-Reaching

The Uniform Commercial Code, which represents a complete revision and modernization of the Negotiable Instruments Law, goes much further than the A.B.A. act in dealing with the problem of the fictitious payee. The code does not limit protection to those cases where an employee or agent has committed a fraud but extends its application to those cases where an "imposter by use of the mails or otherwise has induced the maker or drawer to issue the instrument to him or his confederate in the name of the payee." Section 3-405 reads as follows:

"(1) An indorsement by any person in the name of a named payee is effective if

(a) an imposter by use of the mails or otherwise has induced the maker or drawer to issue the instrument to him or his confederate in the name of the payee; or

(b) a person signing as or on behalf of a drawer intends the payee to have no interest in the instrument; or

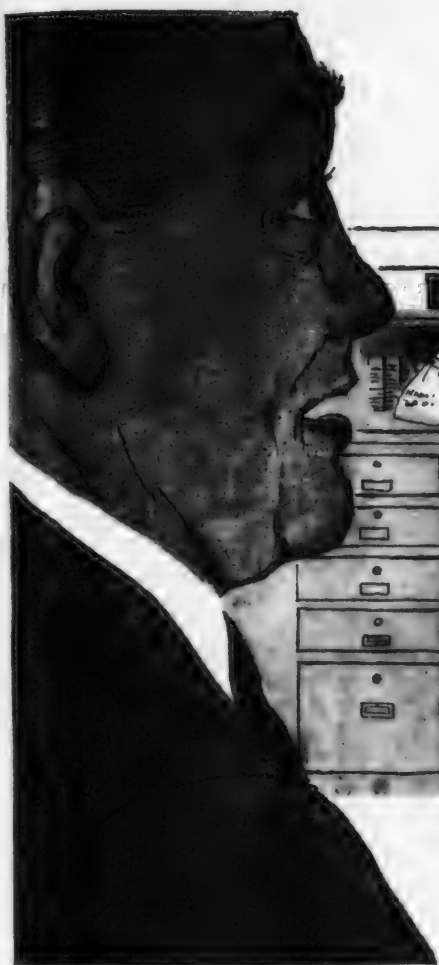
(c) an agent or employee of the drawer has supplied him with the name of the payee intending the latter to have no such interest.

(2) Nothing in this section shall affect the criminal or civil liability of the person so indorsing."

Paragraph (a) is a new provision. As stated in the official comment of the code, it "rejects decisions which distinguish between face to face imposture and imposture by mail and hold that where the parties deal by mail the dominant intent of the drawer is to deal with the name rather than with the person so that the resulting instrument may be negotiated only by endorsement of the payee whose name has been taken in vain."

Paragraph (c) is also a new provision which follows the language of the A.B.A. act and reaches the

(CONTINUED ON PAGE 90)



"I never would have suspected him!"

Obviously, you never suspect an embezzler until it is too late. He looks just like other people—and acts just like other people *until* he makes himself known by what he does. And today, when an embezzler goes into action, there is virtually no limit to what he'll take.

What's the answer? An adequate Banker's Blanket Bond, of course—a Bond that will give you the margin of safety you require against embezzlement as well as other types of loss.

You can determine the minimum amount of coverage you should carry, as recommended by the American Bankers Association, with the handy Bankers' Automatic Calculator. Your Indemnity Agent will be glad to give you one without any

obligation on your part. With this convenient desk device, you will be able to compute automatically the monthly amortization charge on a large selection of loan amounts at four different interest rates.

Ask the Indemnity Agent for your copy of the Bankers' Automatic Calculator and talk over your BBB with him.



**INDEMNITY INSURANCE COMPANY OF
NORTH AMERICA**

One of the North America Companies which are headed
by Insurance Company of North America, founded 1792

PROTECT WHAT YOU HAVE®

Philadelphia 1, Pa.

PIONEERS IN PROTECTION — SERVING WITH 20,000 AGENTS IN THE PUBLIC INTEREST



Apples

and soft fruits are big business in Washington State—the nation's largest apple producer with a 1953 crop of 24,300,000 bushels, 27% of the U.S. total.

Washington's Delicious and Winesap apples are on the market now—try them; you'll like them!



Commercial Code (III)

(CONTINUED FROM PAGE 88)

same result although on a different theory. Instead of treating the instrument as bearer paper the endorsement by any person is effective for the purpose of transferring title.

A.B.A. Uncommitted on Code

Although the A.B.A. has not yet taken a position pro or con the code, it seems reasonable to suppose that those interested in the proper functioning of negotiable instruments would be pleased with the satisfactory manner with which it deals with the fictitious payee, a problem which has engaged its attention for so many years.

It is a type of swindle that can be practiced with great success over long periods of time—3½ years in some cases. It could result in losses running into thousands of dollars, depending on how long it takes to uncover the crime. It will be recalled that the Mergenthaler case, which was given nationwide publicity in 1947, involved a theft of \$740,000 by a trusted employee and his confederates.

One banker makes this interesting comment on the need for legislation; "I don't believe a single case of fraud perpetrated by a depositor's employee was ever carried out with the thought that the loss would become the responsibility of a bank. The fraud in the inception is against the employer and could only be practiced because of the employer's neglect or over-confidence in his employee. If the employee had acted within the bounds of authority designated to him, thus permitting the issuance of checks to fictitious payees, why should the bank be liable for something over which it had no control? But since the court decisions have largely been unfavorable to the drawee and payee banks, it is time a concentrated effort is made to amend the Negotiable Instruments Act or enact the Fictitious Payee Act so that the responsibility and liability is transferred to the careless makers of checks where it rightfully belongs."

Transcript of the A.B.A.'s panel discussion of the Uniform Commercial Code is available upon request.

Statement of Condition

AT CLOSE OF BUSINESS DECEMBER 31, 1953

RESOURCES

Cash and Due from Banks . . .	\$163,767,407.90	
U. S. Government Securities . .	194,257,435.95	
Obligations of		
Federal Agencies	9,345,256.72	
State and Municipal Securities .	68,810,694.89	
Other Bonds and Securities . .	4,744,135.95	\$440,924,931.41
Loans and Discounts	316,164,150.01	
Federal Reserve Bank Stock . .	900,000.00	
Bank Buildings, Vaults,		
Furniture and Fixtures, etc. . .	8,324,002.37	
Interest Earned Not Received . .	2,179,700.90	
Customers' Liability under		
Letters of Credit		
and Acceptances	2,787,649.40	
TOTAL		\$771,280,434.09

LIABILITIES

Capital Stock	\$ 14,000,000.00	
Surplus	16,000,000.00	
Undivided Profits	13,249,525.15	
Reserves for Contingencies . .	6,000,000.00	\$ 49,249,525.15
Reserves for Interest, Taxes, etc.		4,416,790.01
Discount Collected Not Earned .		3,893,343.79
Letters of Credit and Acceptances .		2,787,649.40
Deposits		710,933,125.74
TOTAL		\$771,280,434.09

MEMBER FEDERAL DEPOSIT
INSURANCE CORPORATION

56 STATEWIDE
OFFICES

SEATTLE - FIRST
NATIONAL BANK

Washington's Statewide Banking System
Serves This Busy Corner of America

BOARD OF DIRECTORS

LAWRENCE M. ARNOLD
Chairman

FRANK E. JEROME
President

J. H. BALLINGER
HENRY BRODERICK
F. H. BROWNELL, Jr.
CHARLES F. CLISE
EARL D. DORAN
JOEL E. FERRIS
O. D. FISHER

L. C. HENRY
CHARLES H. INGRAM
W. M. JENKINS
ERIC A. JOHNSTON
RICHARD E. LANG
CLARENCE D. MARTIN
RUSSELL MILLER
B. A. PERHAM

W. G. REED
VOLNEY RICHMOND, Jr.
WILBUR W. SCRUBY
ALFRED SHEMANSKI
ELBRIDGE H. STUART
J. A. SWALLOW
GEORGE VAN WATERS
KATHERYN WILSON

NATIONAL BANK OF DETROIT

COMPLETE BANKING AND TRUST SERVICE

STATEMENT OF CONDITION DECEMBER 31, 1953

RESOURCES

Cash on Hand and Due from Other Banks	\$	442,421,085.26
United States Government Securities		800,652,605.34
Other Securities		113,173,202.91
Loans:		
Loans and Discounts	\$	357,726,061.50
Real Estate Mortgages		81,369,444.43
Accrued Income and Other Resources		7,040,302.98
Branch Buildings and Leasehold Improvements		5,100,809.44
Customers' Liability on Acceptances and Letters of Credit		1,210,617.22
		<u>\$1,808,694,129.08</u>

LIABILITIES

Deposits:		
Commercial, Bank and Savings	\$1,542,411,726.76	
United States Government	109,308,364.30	
Other Public Funds	48,686,842.97	\$1,700,406,934.03
Accrued Expenses and Other Liabilities		13,100,214.04
Dividend Payable February 1, 1954		1,125,000.00
Acceptances and Letters of Credit		1,210,617.22
Capital Funds:		
Common Stock (\$10.00 par value)	\$	22,500,000.00
Surplus		57,500,000.00
Undivided Profits		12,851,363.79
		<u>\$1,808,694,129.08</u>

United States Government Securities carried at \$154,190,172.69 in the foregoing statement are pledged to secure public deposits, including deposits of \$15,486,386.44 of the Treasurer—State of Michigan, and for other purposes required by law.

BOARD OF DIRECTORS

HOWARD C. BALDWIN
HENRY T. BODMAN
ROBERT J. BOWMAN
PRENTISS M. BROWN
HARLOW H. CURTICE
CHARLES T. FISHER

CHARLES T. FISHER, JR.
JOHN B. FORD
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W. DEAN ROBINSON
NATE S. SHAPERO

R. PERRY SHORTS
GEORGE A. STAPLES
DONALD F. VALLEY
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R. R. WILLIAMS
BEN E. YOUNG

44 OFFICES IN METROPOLITAN DETROIT

Garden City • Harper Woods • Inkster • Livonia • Plymouth • Wayne
MAIN OFFICE—WOODWARD AT CADILLAC SQUARE—DETROIT 32, MICHIGAN

Member Federal Deposit Insurance Corporation

BANK LAW NEWS

Bank Collections—Income Tax—Decedent's Check

BANK COLLECTIONS

Bank Giving Immediate Credit For Collection Item is Owner, Not Agent of Depositor, Notwithstanding Provisions of Bank Collection Code.

A TEXAS bank which took from a depositor a check endorsed without restriction, and gave him immediate credit for it, thereupon became the owner of the check rather than the depositor's agent for collection, Texas' Court of Civil Appeals has held.

The court had before it a depository bank's suit to recover the amount of two checks which it had forwarded to the drawee bank through an intermediate collecting bank. The drawee had received the checks on the morning of February 28 and remitted their amount to the intermediate bank later that day. Still later that day, however, it had wired the intermediate bank that the checks were drawn against uncollected funds and would be dishonored. Late in the afternoon of the next day it protested the checks and mailed them back to the intermediate bank "for collection."

When the depository bank sued for the amount of the checks, the drawee contended that the former had no standing to sue, being merely the collecting agent of its depositor who actually owned the checks. A trial court found for the depository bank and the appellate court affirmed the verdict, holding that the "weight of authority" made the depository the owner of the checks under the given circumstances, "notwithstanding a custom or agreement to charge the paper back to the depositor in the event of dishonor."

The court's decision is interesting in view of the provision of the Texas bank collection code that "*when an item is deposited with or received by a bank, the receiving bank . . . and each bank, other than the drawee,*

to which such item is forwarded in the course of collection . . . shall be deemed the agent of the owner of the item. Such relation of agency shall exist although the original agent credits the item to the account of the owner and permits the owner to check against the credit so created. . . ." Texas Civ. Stat., Art. 342-702.

The court's opinion made no mention of this provision—a modification of Sec. 2 of the A.B.A.-recommended Bank Collection Code which provides, in part, that "*where an item is deposited, or received for collection, the bank of deposit shall be agent of the depositor for its collection . . . Where any such bank allows any revocable credit for an item to be withdrawn, such agency relation shall nevertheless continue except the bank shall have all the rights of an owner thereof against prior and subsequent parties to the extent of the amount withdrawn.*"

The courts of two states in which the A.B.A. Bank Collection Code is in effect have held banks to be owners rather than agents for collection in circumstances similar to those in the instant case. *Martin v. Huber*, 68 N.Y.S.2d 53, (N.Y. 1946); *Western Smelting & Refining Co. v. First National Bank*, 35 N.W.2d 116 (Neb. 1948). However, the decision of the Court of Civil Appeals does not appear to be based on these cases.

As matters turned out, the final result of the case apparently would have been the same if the court had applied the quoted provision of the Texas bank collection code. After holding the depository bank to be the owner of the checks, the court went on to hold that it need not be an owner in order to sue, that it could do so under the doctrine that the holder of a negotiable instrument may sue for its collection, and that it was "immaterial" whether any consideration moved from the de-

pository to its depositor. The court then applied another provision of the Texas bank collection code and held that the drawee bank, having failed to return the checks unpaid within 24 hours of their receipt, had made an irrevocable payment. The fact that it had wired the intermediate bank within the 24-hour period also was immaterial, the court held. *City State Bank v. Nat'l Bank of Commerce*, 261 S.W.2d 749. cf. *Paton's Digest*, Collection, §2:11.

INCOME TAX

Court Holds That Finance Charge May Be Deducted as "Interest."

THE U. S. Tax Court in a novel decision recently permitted a taxpayer a deduction on his Federal income tax return for the amount of finance charges paid on a retail installment sale.

Traditionally, courts have distinguished charges made for the loan of money from those made for the extension of credit. The former is interest and its amount is subject to the usury laws; the latter is merely a service charge—the extra price levied for the sale of goods on credit.

While the difference between the two is difficult to discern, and perhaps unapparent to the consuming public, the effect of the difference always has been readily apparent to the consumer who itemizes his deductions on his income tax return, since one who borrowed money to buy an appliance for cash has been entitled to deduct the interest on the loan, while one who bought an appliance on the budget plan has not been able to deduct his finance charges.

Now, if the memorandum decision in the instant case is to be followed, both consumers may take deductions. The "if" lies in the fact that the Commissioner of Internal Revenue is not bound to acquiesce in the de-

(CONTINUED ON PAGE 94)



View from glass-walled "family room" into garden court of a new 1954 National "Ranger" home. Elevations and floor plans of all new models will be sent on request.

"NATIONAL homes
set the standard
by which all
1954 housing values
must be judged."

— Quoted from a feature article in the
November issue of **HOUSE & HOME**

Here's expert testimony as to the beauty, quality and economy of National homes. And it is proof also that mortgages on National homes are sound long-term investments.

Financial institutions increasingly have become aware that National Homes offers a constant source of profitable loans.

Designed by the world-famed architect, Charles M. Goodman, AIA, and produced by revolutionary new cost-cutting methods, the 1954 Nationals have already broken all records for sales. This means even more opportunities for investors. Your inquiry is invited.

BETTER HOMES BUILD A BETTER AMERICA



1954 National "Ranger" home.

(CONTINUED FROM PAGE 92)
cisions of the court. *Russell v. Commissioner*; Dk't. 41664, Nov. 6, 1953.

TRUSTS

A CALIFORNIA court has turned down the novel claim of a co-trustee that his trust be compelled to pay his attorneys fees, incurred in an attempt to force the trust to pay his personal claims against it and to resist efforts to remove him as trustee.

Said the court, "When a beneficiary finds it necessary to contest the unfair charges of a trustee and to

have the latter's account surcharged for sums that have already been paid, it is shocking to say that he must pay not only his own attorney to effect his purpose, but also, the fees of the counsel employed by the faithless or careless trustee for resisting such action of the beneficiary," the District Court of Appeal, Second District, stated in the course of disallowing the claim. In *re Vokal's Estate*, 263 P. 2d 64.

USURY

ANOTHER Texas case is authority

for a rule that a borrower must pay usurious interest before he can collect a penalty from the lender; that it is not enough merely to contract for an excessive amount of interest.

Plaintiff brought suit under the Texas usury law to recover double the amount of interest called for on several notes which he had executed to defendant finance company to secure several loans.

Among these were two notes in the amount of \$612 each. The first called for \$97.34 interest, and the second for \$122.16 interest. When suit was brought, the first note had been paid in full, while only \$238 had been paid on the second note.

The Court of Civil Appeals held that both notes were usurious as a matter of law, the maximum permissible contract rate of interest in Texas being 10 percent. Then, as to the first note, it held that plaintiff, having paid it in full, was entitled to recover twice the amount of interest paid. As to the second note, however, it held that since the amount paid was insufficient to pay both principal and interest, it should be credited to principal, and thus, since no interest had been paid, that plaintiff could collect no penalty and was entitled only to a cancellation of the unpaid interest. *Clanton v. Community Finance & Thrift Corp.*, 262 S.W.2d 252.

DECEDENT'S CHECK

Court suggests that bank may take reasonable time to decide whether to pay

A MASSACHUSETTS statute authorizing a depository bank to pay a check notwithstanding the death of the drawer if it is presented within 10 days of its date, has been interpreted by the supreme court of that state as permitting a bank to pay a decedent's check after the 10-day period so long as presentment is made within the period.

The case involved a \$6,390 check drawn upon the joint account of a husband and wife on August 31, 1950 by the husband, who was in business with his father. For his own convenience he had deposited \$6,390 of their company's money in his own bank and then drawn the check in question, depositing it in the company's account in another bank.

The husband died on September 4, 1950. The check was presented for payment through bank collection

What if Rip Van Winkle had been a Canadian?

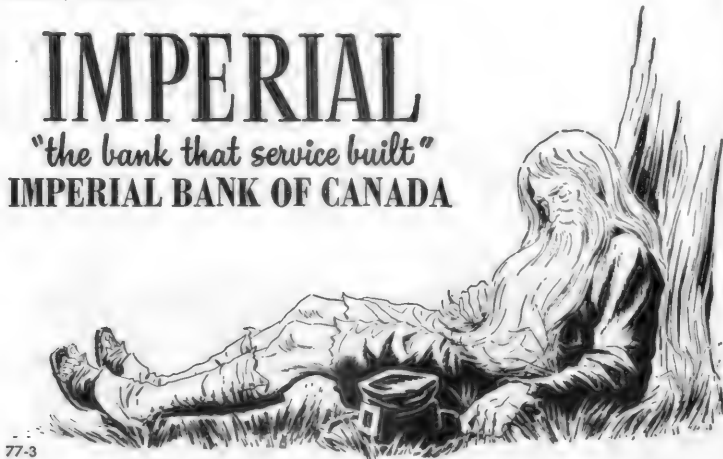
If Rip had taken his nap in the 30's, he would not recognize the industrial Canada of today. Since World War II alone, over \$3 billion has been invested in manufacturing; more than 1,500 firms producing aircraft, electronics, machinery, machine tools, plastics, nylons and many other manufactured products have started in business.

Imperial Bank has an expanding branch program to serve this industrial progress. In Ontario and Quebec, two of Canada's major industrial provinces, Imperial Bank of Canada has a chain of branches linked to the many other branches serving the industrial, mineral and farming areas in Canada from coast to coast. Imperial Bank is, therefore, able to provide up-to-date information on Canada's changing scene.

LET IMPERIAL BANK KEEP YOU UP-TO-DATE ON CANADA!

We invite interested U.S. Banks to investigate our services as a correspondent bank. Write: Imperial Bank of Canada, Head Office, Toronto.

IMPERIAL
"the bank that service built"
IMPERIAL BANK OF CANADA



77-3

channels on September 5. Employees of the drawee bank meanwhile having heard of the husband's death, payment was refused.

The father then explained the facts concerning the check at a conference with the presidents of both banks on September 8. As a result of the conference, the check was forwarded for collection again, apparently arriving at the drawee bank more than 10 days after its date. This time, on September 12, it was honored and charged against the joint account.

The drawer's widow then sought to recover the amount of the check from the bank. She asserted, first, that the statute does not apply to joint checking accounts; second, that even if it does, it does not permit a bank to make payment more than 10 days after the date of the check, after first refusing payment within the 10-day period; and finally, that in any event the contract under which the joint account had been set up provided that on her husband's death she, as the surviving joint depositor, was entitled to payment of the full amount of the account.

The court held specifically that the statute only requires presentation

for payment within 10 days, and was complied with when the check first was presented on September 5. It further held that the statute neither requires payment to be made simultaneously with presentation, nor imposes any time limit on payment after seasonable presentation.

It did not discuss the widow's contention that she became entitled to the joint account as surviving depositor prior to presentation of the check, except to state that the statute "protects a bank making such payment according to the provisions of such statute and does not affect the rights of the parties *inter se*."

A further statement of the court is interesting: "In a complicated situation such as appears in the present case where the rights of parties other than the maker and payee of the check are concerned, it would seem proper that a bank be allowed a reasonable time to make inquiry to determine the circumstances of the drawing of the check before deciding whether or not to honor a check after it is presented for payment."

A provision similar to that in the Massachusetts statute in question appears in the A.B.A. Model State

Banking Code. *Smith v. Merchants Nat. Bank*, 115 N.E.2d 143. cf. *Paton's Digest*, Checks §§13:6-13:18.

DEPOSIT IN TWO NAMES

IN New York the making of a deposit in a savings bank in the form prescribed by the applicable Deposit In Two Names Statute creates a conclusive presumption that the depositors intended that title to the deposit should vest in the surviving depositor upon the death of the other.

However, in a case where a depositor opened a joint account in a savings bank and the bank carried it as a joint survivorship account, a New York probate court has held that the surviving depositor was not entitled to the account, in the absence of evidence that the deceased depositor "had knowingly and consciously" created a survivorship account. In *Re Kellison's Estate*, 124 N.Y.S.2d 31. cf. *Paton's Digest*, Deposits §14D:4.

JOHN RENÉ VINCENS

They could balance the French budget with mistakes in addition in Paris cafes in one tourist season.

THE NEW LUSTRE-LITE "BEE-HIVE BANK"

Here's a life-size picture of the NEW, ATTRACTIVE AND PRACTICAL coin bank for savings promotion —and it is the LEAST EXPENSIVE ON THE MARKET, AND A QUALITY PRODUCT TOO!



The cone top of this sturdy bank screws securely into the base, just tight enough to foil the "small fry," but readily undone by an adult. The coin slots under the base accepts both coins and bills.

You have a wide choice of color and color combinations. Your bank signature and address on the beveled base, in your choice of gold or contrasting color, makes this a striking piece of remembrance advertising, and at extremely low cost. So low in fact, it will surprise you.

Sample, prices and full information will be forwarded, without obligation when requested on company letterhead.

Manufactured by **STERLING WORTH, INC.**
225 N. GREEN STREET • CHICAGO 7, ILLINOIS

How Deposits Help a State Grow

TO the average depositor, the business of converting static deposit dollars into the dynamic credit that helps a community grow isn't a particularly thrilling subject.

"Ho-hum," he yawns. "So what?" Occasionally a bank, through its advertising, will endeavor to answer this question by pointing out the partnership that exists between his money and the constructive use to which it is put when it becomes a loan. The depositor is, in effect, providing working capital for his community—and the more he deposits, the greater his bank's opportunity to build prosperity.

An example of this type of educational, constructive advertising is a statewide campaign recently conducted by the Valley National Bank, Phoenix, Arizona. The message of the 10 ads can be distilled into a sentence:

"The more dollars you have on deposit with us, the more money we can make available to the Arizona economy in the form of loans, thus increasing our joint investment in our state's continuing prosperity and future security."

10 Ads in Series

There were 10 advertisements. In them the president and vice-presidents (department heads) told how the bank, through its various services, was providing millions of dollars to promote Arizona's expanding economy; how "outsiders"—big American business firms—were contributing to the reservoir of funds with their deposits; how the bank's payroll was spent almost entirely in Arizona; how its advertising and publications were "telling the world about Arizona."

And there was also this suggestion: "When you deposit your money in the Valley Bank you, too, are contributing to the economic growth of Arizona—and to your future security."

Each ad quoted one of the execu-

tives; his picture appeared under an attention-catching caption.

President Carl A. Bimson started the series with an ad (see illustration) headed: "A Million Dollars a Day to Keep Arizona Growing." That's the rate of the bank's daily

First ad in the series was signed by President Carl A. Bimson

A MILLION DOLLARS A DAY...



Carl A. Bimson, President, Valley National Bank

...TO KEEP ARIZONA GROWING

"It takes hard-working dollars, as well as hard-working men and women, to develop an economic frontier.

"Because the growth of the Valley Bank has kept pace with the development of Arizona's expanding economy, we are able to make sound, constructive loans at the rate of one million dollars every business day.

"As a matter of fact, Arizona's great need for working capital is being met to a larger extent from Valley Bank deposits than from any other single source.

"You can contribute to Arizona's continuing growth—and therefore to your own security—by depositing your money in the Valley Bank. Here your dollars become working dollars—the primary source of loans to Arizona farmers, merchants, manufacturers and individuals."

Carl A. Bimson
President

lending. W. R. Hafford, vice-president in charge of commercial loans, took up the story in the second insertion. It was captioned, "35,000,000 Dollars at Work Minding Arizona's Business"—the amount of credit currently being extended by the commercial department.

In the third Jo Abbott, head of the instalment loan department, noted that his division was lending \$6,000,000 monthly for "better Arizona living"—new cars, home improvements, etc. The real estate loans vice-president, Ralph E. Bruneau, reported that credit for the construction and purchase of homes was being extended by the bank at the rate of \$1,000,000 a month.

Charles H. Patten, head of the agricultural and livestock loans department, said that the bank normally has between \$25,000,000 and \$30,000,000 outstanding in credit to Arizona's primary sources of income and jobs.

Other Stories

Similar brief factual stories were told by Rudolf G. Zepeda, foreign department vice-president ("\$1,000,000 a Month to Finance Arizona's Foreign Trade"); E. S. Lee, investment department ("Over \$100,000,000 Invested in High Grade Bonds"); R. L. Davenport, business development ("8 of the 10 Largest Industrial Companies in America Are Valley Bank Customers"); J. E. Patrick, personnel ("Banking Is People"); and Herbert A. Leggett, in charge of the bank's research department ("Telling the World About Arizona").

The series was first run in the *Arizona Republic* Sunday supplement at an average cost of \$105 for space, plus artwork and production expenses. It was rerun in metropolitan dailies and weeklies throughout the state.

The ads are the work of M. G. Reade, the bank's advertising director.



"THE NEATNESS OF OUR RECORDS cannot be surpassed," reports President Clarke, who is proud of the depositors' statements produced by his National '135' Unit Plan machine.

"We get 50% annual return on our investment in our *National* Unit Plan Poster!"

—CLARKE BANK, PAPILLION, NEBRASKA



R. F. Clarke, President, Clarke Bank, Papillion, Nebraska, says: "We are convinced that, because of the savings obtained through reduction in personnel costs, elimination of overtime, elimination in depreciation and maintenance costs of a second machine, plus the big reduction in stationery costs, our National System gives us a 50% return on our investment every year. We do not hesitate to recommend this National Unit Plan to any comparable bank."

"Two years ago, we adopted the National Unit Plan for checking accounts, with remarkable results.

"Previously, we had been using a single posting plan, posting an original statement and carbonized ledger, using two carriage-type machines. Now we are handling all of our posting work—checking accounts, customers' liability ledger, savings accounts and general ledger—on one National '135' Unit Plan machine. And handling it with an efficiency and economy we never experienced before . . .

"1. All records—statement, ledger and journal—are produced by one bookkeeper in one simultaneous operation, and all records are in clear original print. With the elimination of carbon records, and using the combined statement-ledger form, we have greatly reduced our stationery costs. This saving alone will pay for the major portion of the cost of the machine.

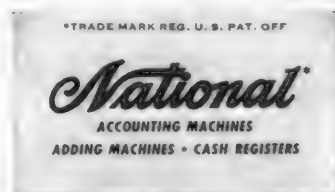
"2. The National '135' is very easy to operate. The training period for an operator is reduced substantially—even for all posting work, and our bookkeeper is very pleased with the unusual simplicity of operation.

"3. The great flexibility of this National machine, used normally for checking account posting, has proved to be an important investment for our bank, for we include liability ledger, savings accounts, and our general ledger in the posting work—all on this one National machine.

"4. We prove postings, old balance pickups, and account selection with National's 7-way proof plan. Error detection is simplified, and all records must be corrected at the same time, a decided advantage in audit control.

"5. The neatness of our records cannot be surpassed. We take a great pride in the statements we present to our depositors."

How can National bank accounting machines increase efficiency and cut costs in your bank? How much money will they save you? Call your nearby National representative today, get the money-saving details right away!



THE NATIONAL CASH REGISTER COMPANY, Dayton 9, Ohio

February 1954

Step into another "bank of tomorrow" be



A "bank of the future" which New Yorkers will be seeing soon is the Chemical Bank & Trust Company, located at 34th Street and Fifth Avenue. Designed by architect Alfred Easton

Poor, this interior incorporates a new 16" Mosler Century Bank Vault Door. Note how the modern, massive lines of this door contribute to the overall effect of 20th Century functional beauty.

This
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simp
New

World's

being built today

This advertisement is the second in a series showing modern bank interiors by leading bank architects scheduled for construction in 1954 . . . incorporating the new symbol of modern American banking . . .

The Mosler Century Bank Vault Door

By now, practically everyone in banking knows about the sensation caused last September 21, when Mosler unveiled the new Century Bank Vault Door.

But what has taken place *since* that date is even more important and significant.

For the American Bankers Association Convention had hardly ended before dozens of progressive bankers had their architects busy on new modernization plans which would incorporate this modern symbol of "tomorrow" in banking.

You've seen a number of these strikingly modern bank interior views already. Six of them were reproduced last month in full color in a dramatic 6-page feature in *Fortune*. Many more are on the drawing board right now.

When famed industrial designer Henry Dreyfuss and Mosler engineers got together to design and build the Century Bank Vault Door, they sought to express the bold, forward-looking visions of bankers everywhere. They sought to reflect your *own* progressive ideas . . . to add new impetus to the whole nation's trend toward bank modernization.

It seems they've *more* than succeeded. For the Century Bank Vault Door, at this moment, is not only the *symbol* of "tomorrow" in banking . . . it's a powerful *force* which is turning that "tomorrow," into "today."

If you would like further details about the Century line of Bank Vault Doors, simply write or wire The Mosler Safe Company, 32nd Street and Fifth Avenue, New York 1, New York.

THE Mosler Safe CO.

Since 1848



Functional beauty by Mosler characterizes this new Century line of Bank Vault Doors. The design of both square and round models was the work of famed industrial designer Henry Dreyfuss, and Mosler engineers. The security and ease of operation of these doors are as outstanding as their appearance. Incorporated are all the virtually impregnable features that have made Mosler the overwhelming choice of leading banks throughout the world.

World's largest builders of safes and bank vaults . . . Mosler built the U. S. Gold Storage Vaults at Fort Knox and the famous bank vaults that withstood the Atomic Bomb at Hiroshima

FOR IMPORTANT LETTERS... *to Important People*

A good first impression is vital. Letters typed on an IBM Executive Typewriter are outstanding in appearance.

Easy reading is essential. Research shows IBM type faces are "superior" in readability.

Successful letters get action and response. Depend on the IBM to win attention to what your letters say!

Above are samples of three of the twelve available Executive type faces.



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*Trade Marks

INTERNATIONAL BUSINESS MACHINES • 590 Madison Avenue, New York 22, N. Y.

A New Job for Correspondent Banking

Better Public Relations Are Possible Through Correspondent Relations

W. D. MEACHAM

The suggestion which the author makes is based on his own wide experience in small and large banks. From 1927 until 1945 he was on the staff of a country agricultural bank in Clarksville, Tennessee, after which, for five years, he was a territorial officer of The First National Bank in St. Louis. In 1950 he became vice-president of the First National Bank of El Dorado, Arkansas, which is located in an oil, timber, and industrial center. He is now executive vice-president of the El Dorado bank.

ONE of the most remarkable accomplishments of the American banking system has been the development of correspondent banking. So effective and complete in detail has this type of bank service become that, just as many of the other fruits of free enterprise, it is now accepted by bankers and businessmen alike as a matter of course.

Who Can Do It

The officers of the city banks who are responsible for correspondent bank relations are a resourceful group of intelligent, conscientious, hard-working men who can meet any situation which may arise. For the most part, these officers are well trained in all the practical aspects of banking and pride themselves in always being on the alert to improve and increase the flow of interbank business. Their viewpoint is prompted by the desire to find ways to provide more useful service for their correspondent bank customers. Not only have these bank officers perfected a system of interbank relationship which has never been equalled anywhere else in the world, but they have at the same time provided a system without which business and commerce would suffer very serious inconvenience.

In recent months, bankers have been shocked by the published attacks on banking and the implications which have been made about bankers who are serving in high public offices. Even more shocking than the fact that such anti-banking propaganda has appeared is the cold reality that it has been accepted and believed by such a large segment of the public. Recently, many seasoned bank officers have been reminded of those unhappy days two decades past—those days best characterized by the phrase, "the money changers in the temple."

The Main Question

The hard, cold fact that banking must face today is the question: "Has banking failed during the past 20 years in telling its story to the public?"

There can probably be no clear-cut answer to this disturbing question at his time. However, there can be no doubt of the present necessity for all bankers to reappraise their public relations program and do everything possible to combat the unfavorable propaganda by intelligently acquainting the public in their own area with the true facts and story of present day banking and bank service. Only true facts, understandably presented, can insure properly informed public opinion.

Here Are the Tools

The tools to work with are available. The Public Relations Council of the American Bankers Association has prepared and assembled material which is ready for immediate use. The Financial Public Relations Association and the Association of Reserve City Bankers both have worked up similar material and have been cooperating closely with the A.B.A. Many state bankers associations have also developed excellent

material and promoted statewide programs.

So, the tools—intelligently and understandably compiled material—are ready for a well integrated public relations program on a national scale. The only ingredient lacking is the organized effort to start the program rolling. How can the contact be made with the bankers in all the banks throughout the nation? Who can talk to the banker in the small community, in the town, and in the small city?

Only one group of bank officers has the broad contact with other bankers throughout the nation in every size town or community. That group, of course, comprises the officers of city banks who handle the correspondent banking departments. These are the same bank officers who have developed the correspondent banking system to the high level of efficiency which prevails today.

Correspondent Bank Leadership

If a well integrated program of public relations on a national scale is desirable to combat the misinformation which is being spread, it becomes a challenge to the correspondent banking system to take the lead in organizing such a program. The bank officers who handle correspondent banking have always found a way to accomplish what needs to be done, whether it was the prompt clearing of an item or the sale of a circus elephant which a country bank customer was "stuck with."

Of the approximately 15,000 banks in the nation, roughly 14,000 are located outside of the larger cities. These banks in the smaller centers are the ones which have closer personal contact with the people of their community. It is with the bankers in these smaller towns and communities that the city correspondent bank officer can accomplish

4 Banking Offices Utah, Idaho, Wyoming

FIRST SECURITY CORPORATION System of Banks

Consolidated Statement of Condition, December 31, 1953

RESOURCES

Cash on Hand and in Banks.....	S 67,245,614.29
U. S. Government Securities, Direct or Fully Guaranteed.....	114,741,649.98
Municipal and Listed Securities.....	11,736,293.07
Total Cash and Bonds.....	<u>\$193,723,557.34</u>
Loans and Discounts.....	173,200,426.12
Banking Houses, Furniture & Fixtures.....	3,963,341.47
Stock in Federal Reserve Bank.....	408,300.00
Other Resources.....	249,434.30
Total Resources.....	<u>\$371,545,059.23</u>

LIABILITIES

Treasury Tax and Loan Account.....	S 5,510,937.36
Other Government and Public Fund Deposits.....	48,451,679.25
Due to Banks.....	10,977,585.99
Other Demand Deposits.....	177,909,176.35
Time Deposits.....	100,892,141.65
Total Deposits.....	<u>\$343,741,520.60</u>
Reserve for Unearned Discount.....	1,811,293.23
Reserve for Taxes, Interest, Expenses, etc.....	2,053,727.62
Reserve Under Authority U. S. Treasury Mim. 6209.....	2,254,744.45
Other Liabilities.....	804,346.28
	<u>6,924,111.58</u>
Capital.....	7,625,000.00
Surplus.....	7,625,000.00
Undivided Profits.....	4,450,147.44
Reserve for Contingencies.....	1,179,279.61
	<u>20,879,427.05</u>
Total Liabilities.....	<u>\$371,545,059.23</u>

(Included in Total Deposits are deposits of Affiliates totaling \$977,111.30)

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

FIRST SECURITY BANK



Headquarters: Salt Lake City, Utah

the most immediate and constructive results. Many bankers expect and welcome constructive suggestions and leadership from their city correspondent bank in situations of this kind. In most instances, there exists an intimate feeling of mutual friendship and respect between the territorial officer of the city bank and his correspondent banker-customer. This relationship is cultivated by personal visits, in addition to the usual business contacts by letter or telephone. This mutual confidence is the heart of the present-day correspondent banking relationship.

There are many thoughtful bankers today who believe that leadership in public relations planning offers a very timely opportunity for outstanding service to correspondent banks. These bankers regard it as a challenge to a system which has always devised a method to solve every problem which has arisen in the past. If the officers who are responsible for correspondent bank relations accept this challenge, there can be only one result—success.

DEFINITIONS

Pete Schaus, editor of *The Mutual Circle*, company publication of Mutual Life Insurance Company of New York, has suggested a number of definitions of insurance terms. We quote here a few samples from his thesaurus:

Mortality Table: A slab in the morgue.

Mutual: What your car is in when it's out of gear.

Limited Payment Life Insurance: Where the insured runs out of money before his premiums are all paid up.

Clause: Surname of a noted philanthropist.

Life Expectancy: Death and taxes.

Premium: The cut-glass fruit bowl Uncle Charley got for his cigarette coupons.

Premium Loan: What the pawnbroker gave Uncle Charley for the fruit bowl.

Lapse: What people get when they sit down.

Ordinary Life: Unglamorous existence.

Preferred Life: The other fellow's.

IRVING TRUST COMPANY

NEW YORK

STATEMENT OF CONDITION, DECEMBER 31, 1953

ASSETS

Cash and Due from Banks	\$ 395,600,967
U. S. Government Securities	373,250,363
U. S. Government Insured	
F.H.A. Mortgages	31,753,358
Other Securities	28,830,717
Stock in Federal Reserve Bank	3,150,000
Loans and Discounts	607,671,482
First Mortgages on Real Estate	4,603,125
Banking Houses	14,647,542
Customers' Liability	
for Acceptances Outstanding	22,937,260
Other Assets	4,951,733
	<u>\$1,487,396,547</u>

LIABILITIES

Capital Stock (5,000,000 shares—\$10 par) \$	50,000,000
Surplus	55,000,000
Undivided Profits	17,513,424
Total Capital Accounts	122,513,424
Deposits	1,323,864,572
Reserve for Taxes and	
Other Expenses	8,118,430
Dividend Payable January 2, 1954	2,000,000
Acceptances: Less Amount	
in Portfolio	24,269,704
Other Liabilities	6,630,417
	<u>\$1,487,396,547</u>

United States Government Securities are stated at amortized cost.
Of these, \$57,750,602 are pledged to secure deposits of public
monies and for other purposes required by law.

DIRECTORS

WILLIAM N. ENSTROM
Chairman of the Board
RICHARD H. WEST
President

HARRY E. WARD
Honorary Chairman

HENRY P. BRISTOL
Chairman,
Bristol-Myers Company

PHILIP F. GRAY
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I. J. HARVEY, JR.
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The Flintkote Company

HAROLD A. HATCH
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Deering Milliken & Co., Inc.

DAVID L. LUKE, JR.
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Pulp and Paper Company

HIRAM A. MATHEWS
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President,
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LeROY A. PETERSEN
President, Otis Elevator Company

J. WHITNEY PETERSON
President,
United States Tobacco Company

JACOB L. REISS
President,
Reiss Manufacturing Corporation

FLETCHER W. ROCKWELL
Greenwich, Conn.

HERBERT E. SMITH
former Chairman of the Board
and Chief Executive Officer of
United States Rubber Co.

WILLIAM J. WARDALL
New York, N. Y.

FRANCIS L. WHITMARSH
President,
Francis H. Leggett & Company

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Other Organizations

The news in this department is edited by WILLIAM P. BOGIE of BANKING's staff.

Burt Named Director

HOLLIS W. BURT became executive director of the CONSUMER BANKERS ASSOCIATION, Washington, D. C., effective January 1. Mr. Burt was formerly assistant cashier of the Farmers' and Merchants' Bank, Morgantown, West Virginia, having been associated with that bank since 1947, at which time he opened the institution's consumer credit department. Prior to 1947 he was with the Household Finance Corporation.

Mr. Burt succeeded Hartwell F. Taylor, who has become vice-president of The Bank of Virginia, Richmond, in charge of that bank's correspondent bank department.

Weed Resigns

KINGSLAND D. WEED has resigned, effective February 1, as treasurer and executive secretary of the VERMONT BANKERS ASSOCIATION, with which he has been associated since 1946.

His successor is Charles E. Burns, who, from 1943 until the end of 1947, was Vermont commissioner of banking and insurance and, since 1947, has been business manager of the Bishop De Goesbriand Hospital in Burlington. From 1933 until 1943 he was secretary of the Northfield (Vermont) Savings Bank.

Mr. Weed became executive secretary of the Vermont association in 1948 and added the duties of treasurer at last year's annual VBA meeting. He is a graduate of Harvard and holds an M.A. degree from the University of Vermont.

At the time of his resignation he was a member of the Executive Council of the American Bankers Association's State Association Section and secretary-treasurer of the Eastern Secretaries Conference.

Foundation Organized

TWO major problems were considered at the mid-winter meeting of the NEW YORK STATE BANKERS ASSOCIATION on January 25:

- (1) Formation of a broad program of public relations for commercial banking.
- (2) Amendments to the associa-

tion's constitution and by-laws so that its purposes will be to promote specifically the general welfare and usefulness of commercial banks and trust companies.

Since the association's convention last May, where President Stanley A. Neilson was authorized to develop a statewide public relations program for commercial banks, a study of such a program has been made, together with recommendations for the formation of an educational foundation. The foundation's double purpose would be the development of improved banking techniques and encouragement of the broadest possible public understanding of the American banking system and its vital role in the nation's economy.

Real Estate Study

THE course of real estate and real estate financing in a period of economic readjustment was the central theme for the 9th annual conference for senior executives sponsored jointly by the MORTGAGE BANKERS ASSOCIATION OF AMERICA and the Graduate School of Business Ad-

(CONTINUED ON PAGE 106)

Last month, on page 54, BANKING carried a story by Carl A. Bowman on the "Kansas Public Relations Workshop." The two workshop photos below were received after the magazine had gone to press. The one at the left shows, left to right, K. E. Johnson, chairman of the Kansas Bankers Association's Public Relations Commission; Barbara Pendleton, Grand Avenue Bank, Kansas City, Missouri, whose talk on public relations drew long applause; and KBA's Secretary Bowman, author of last month's article. In the picture at the right, bankers attending the workshop are looking at panels exhibiting public relations material of the American Bankers Association



Why Bankers Choose

FEDERAL

Insured Credit Plans Mortgage Redemption Plans

8 GOOD REASONS

1. Proven customer appeal. Financial institutions report that 9 out of 10 consumer credit customers who have enjoyed the protection and "worry-free" experience of Insured Credit Plans request this service on subsequent transactions.

2. Planned by bankers for bankers. The Federal's insurance plans meet bankers' needs as stated by bankers themselves. Men with a banking background work out the actual plans.

3. Custom fit to your operations. The plans we recommend to you are based on a careful study of your loan operations.

4. Completely flexible: group or individual plans. In all forms: credit life insurance...accident and health insurance...combinations...full coverage or unpaid balance plans.

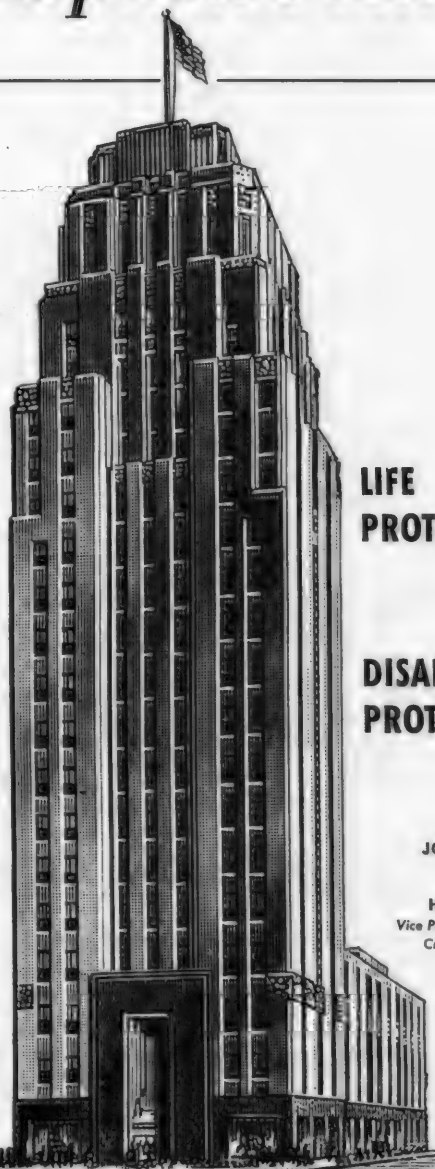
5. Claims paid promptly. Checks air mailed within 24 hours of receipt of claim.

6. Streamlined procedure, simple forms. Easy for your customers, easy for you. Insured Credit Plans will fit into your present operations with little or no added detail.

7. All promotional tools. Rate charts, plaques, posters, folders, newspaper ads—we supply items needed.

8. Seasoned company, highest rating. Continuous insurance service since 1906. Best's and Dun's—leading policy owners' reporting service—give Federal their unqualified recommendation.

Write for complete portfolio—plans, forms, customer promotions—on Insured Credit Plans or Mortgage Redemption Plans.



**LIFE
PROTECTION**

**DISABILITY
PROTECTION**

JOHN H. CARTON
President

HAROLD L. BUCK
Vice President and Manager,
Credit Insurance Division

FEDERAL

SINCE 1906

LIFE AND CASUALTY COMPANY

Wolverine-Federal Tower

Battle Creek, Michigan

(CONTINUED FROM PAGE 104)

ministration of New York University in New York, January 26-28.

The conference is aimed at providing a medium by which senior officers of leading investing and lending institutions, such as mortgage companies, life insurance companies, and savings banks, can study the basic economic trends of the national economy as background for their everyday business decisions. Among the subjects explored were the place of housing in our economy, the possible outlook, where the nation stands in the real estate cycle, population trends and the rate of family formation, the supply-demand ratio of housing, financing rehabilitation and modernization of housing, the market for mortgages, and the impact of treasury and Federal Reserve policy.

NABAC School,

Booklets

THE second session of the School for Bank Auditors and Comptrollers will be held at the University of

"I knew the moment I saw you drive in here that my financial worries were over!"



Wisconsin, Madison, from July 26 to August 7. It is operated by the NATIONAL ASSOCIATION OF BANK AUDITORS AND COMPTROLLERS.

Enrolment at this year's session will be 153. One hundred of these students will be in the first year section, and the remainder will be second year students.

School Director Clarence H. Lichtfeldt, who is comptroller of the First Wisconsin National Bank, Milwaukee, announces that, to assure each student the maximum benefit from the open discussions, classes will be limited to 50 persons, and the first-year class at the 1954 session will be divided into two groups



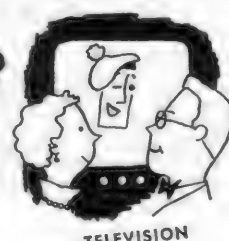
NEWSPAPERS



CAR CARDS



RADIO



TELEVISION



COUNTER CARDS

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Newspaper advertisements, spot radio announcements, lobby posters, counter cards, TV film strips, layouts for

billboards and car cards, and other business building aids are supplied regularly to ThriftiCheck client banks — in addition to all operating supplies and imprinting equipment — without cost to the bank.

Only ThriftiCheck offers such a complete, well-rounded service for developing new accounts and increasing present account activity.

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If no bank in your community has exclusive ThriftiCheck rights, send for this free advertising and publicity portfolio, together with the latest issue of our ThriftiChat bulletin. See for yourself how ThriftiCheck can help build new and profitable business for your bank too!

ThriftiCheck Service Corporation

Successor to Bankers Development Corporation

100 Park Avenue, New York 17, N. Y.

under the leadership of Edward F. Lyle.

Mr. Lyle, who is vice-president and comptroller of the City National Bank and Trust Company, Kansas City, Missouri, will be assisted by George Ehrhardt, assistant vice-president of The Hanover Bank, New York City.

The second-year class will be under the leadership of NABAC's president Ira C. Chaney, auditor, Crocker First National Bank, San Francisco, California.

During the three years that a student attends the school, he studies accounting in the first year, auditing in the second year, and bank control the final year.

* * *

SEVENTEEN projects were completed during the year by the various commissions and committees which form the technical division of NABAC, which is in charge of Robert H. Shepler, NABAC's first vice-president. He is vice-president and cashier of the Denver National Bank.

Among the completed projects in the 1953 offensive on bank fraud was the distribution of the pocket-sized audit questionnaire, *Mr. Bank Director/Trustee*.

Another major contribution was the *Audit Schedule for Smaller Savings Banks*. This manual was written to cover the auditing phases of small savings banks, and savings and mortgages departments of commercial banks.

The *Audit Schedule for Smaller Savings Banks* is one of four books in a special anti-fraud kit offered to all banks by NABAC. The other three are: *Audit Program for Smaller Banks*, *Audit Schedule Control Book*, and *Audit Aids for Small and Moderate Sized Banks*.

A suggested approach to the installation and perfection of internal controls, explained in nontechnical language, was given in a manual prepared by Harry E. Mertz, secretary to technical commissions, NABAC, and entitled *Internal Safeguards for Country Banks*. It explains how protective procedures can be set up in a small bank with-

There is a big difference between fact-finding and fact-facing.

out the addition of personnel or equipment.

The latest development in keeping banks fraud-proof is the *Audit Schedule for Smaller Trust Departments*. Part one of this manual deals with the smaller trust department without a full-time auditor. The second part provides a schedule of control procedures for smaller trust departments.

Copies of NABAC's anti-fraud publications are available through the association at Suite 762, 38 South Dearborn Street, Chicago 3, Illinois.

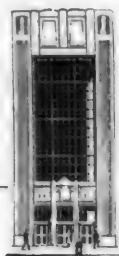
PR School

THIS year's public relations school will be held by the NEW JERSEY BANKERS ASSOCIATION at Princeton University on April 6, 7, and 8. Registration began in November.

Because of the limited housing facilities, the freshman class is being held to a total of 75. The first year's course includes fundamentals of public relations, psychology in public relations, fundamentals of financial advertising, customer relations, personnel relations, and community relations.

American National Bank and Trust Company of Chicago

LASALLE AT WASHINGTON • CHICAGO 90, ILLINOIS



Statement of Condition

AT THE CLOSE OF BUSINESS, DECEMBER 31, 1953

Resources:

Cash and due from banks	\$ 93,404,181.91
U. S. Government obligations	100,740,468.48
Obligations of instrumentalities of the United States	6,514,710.13
State and municipal securities	16,217,401.49
Other bonds and securities	9,055,137.27
Loans and discounts	87,767,977.43
Federal Reserve Bank stock	300,000.00
Customers' liability on letters of credit and acceptances	2,218,757.90
Accrued interest receivable	619,121.22
Other assets	262,134.93
	<u>\$317,099,890.76</u>

Liabilities:

Capital stock	\$ 4,000,000.00
Surplus	6,000,000.00
Undivided profits	2,098,822.82
Reserves for taxes, interest, contingencies, etc.	2,687,396.82
Unearned discount	1,410,093.83
Other liabilities	662,298.08
Liability on letters of credit and acceptances	2,218,757.90
Deposits:	
Demand	\$266,001,023.47
Savings	24,566,343.84
Other time	<u>7,455,154.00</u>
	298,022,521.31
	<u>\$317,099,890.76</u>

United States Government obligations and other securities are pledged to secure public and trust deposits of \$32,643,071.94, and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

BANKING NEWS

A.B.A. National Bank Division Publishing Replacement Pages for Its "Manual of Laws"

The 65 New Pages Will Bring Looseleaf Manual Up to Date

The National Bank Division of the American Bankers Association has just completed a 65-page supplement to its looseleaf edition of the *Manual of Laws Relating to Loans and Investments by National Banks*, according to Henry A. Kugeler, president of the Division and president of The Denver (Colorado) National Bank.

The new pages will replace out-of-date sections of the manual, which was published in a looseleaf edition for the first time in November 1952. At that time, one copy of the manual was sent without charge to each member bank of the National Bank Division. Many national banks and financial institutions purchased additional copies of the manual. The replacement sheets will be supplied upon request to all holders of the original looseleaf edition, at a nominal charge to cover the costs.

Important Changes

Among important changes in the laws relating to loans and investments of national banks which are covered in the replacement sheets are:

- (1) Termination of the Reconstruction Finance Corporation and the Small Defense Plants Administration.
- (2) Transfer of authority to the Secretary of the Treasury to make loans for expansion of productive capacity and supply under Section 302 of the Defense Production Act.
- (3) Creation of the Small Business Administration to make loans to small business.
- (4) Amendment of the Merchant Marine Act to include financing by national banks of new ship construction and for other purposes.
- (5) Termination of all credit controls.
- (6) Amendment to Section 24 of the Federal Reserve Act to permit loans on forest tracts, and the Comptroller's interpretation of such amendment.
- (7) Inclusion of "redeemable securities" of open-end investment companies in the Federal Reserve's bank margin regulation (Regulation U).
- (8) New authority under the V-loan program for financing terminated defense contracts.

New Forms and New Excess Rating Plan Cut Bank Cost of Protective Insurance

Applicable Standard Provisions of BBB Form 2 Kept When Possible

An advanced program of excess protection for commercial banks was recently announced by The Surety Association of America, effective January 11.

The new philosophy behind this program has resulted in the development of three forms of coverage: Excess Bankers Blanket Bond Form 2 with discovery-deductible rider; Excess Bank Employee Dishonesty Blanket Bond Form 27 (loss sustained form), and Excess Bank Employee Dishonesty Blanket Bond Form 28 (discovery form).

The introduction of these new forms and a new excess rating program result in a reduction of existing rates for excess coverage where adequate amounts of underlying coverage are carried. These rates recognize the size of the bank, the amount of underlying coverage, and all other related factors.

By means of the discovery-deductible rider the character of coverage given by Form 2 is changed from a "loss sustained" to a "discovery" basis. This means that the bond as so amended covers losses, whenever sustained, which are discovered while such bond is in effect, or discovered within 12 months after cancellation under specified conditions.

Standard Forms 27 and 28

Standard Form 27 provides coverage for losses through employee dishonesty only, on the usual loss sustained basis.

Standard Form 28 also provides coverage for employee dishonesty only, but such coverage is on a "discovery" basis.

The coverage now made available by the Surety Association, which has a membership of 74 capital stock companies, is unlike other types of discovery protection presently available in this field in that it gives the insured the right to select coverage on an established form of Bankers Blanket Bond or on a new form of blanket bond covering employee dishonesty.

In addition to the selection the insured enjoys between a discovery or a loss sustained form of protection, the insured may also select either a bankers' blanket form of coverage or a

Conference Report

The 6th National Credit Conference of the American Bankers Association is in session in Chicago as this issue of *BANKING* comes off the presses. Consequently, coverage of the Conference will appear in our March issue.

blanket employee dishonesty form, or a combination of the various coverages.

It is the belief of the members of the Surety Association that sound progress in the development of coverages and mutual understanding is promoted when improvements are based fundamentally on established provisions that have withstood the test of time. Accordingly, whenever possible the applicable standard provisions of Bankers Blanket Bond Standard Form 2 have been retained in these forms. These provisions are well known to the Insurance and Protective Committee of the American Bankers Association, as evidenced by reference thereto in its Digest of Bank Insurance, as well as to bank officials, their attorneys, and producers.

Direct Mail Promotion Covering Bank Services Is Available to Banks

Several unusually attractive folders for use either as statement stuffers or for over-the-counter use were released last month by the Advertising Department of the A.B.A.

This promotion material included:

A suggestion-for-improving-service folder, "If You Were Running Our Bank—" It asks for suggestions, criticisms, and comments; it gives customers an opportunity to speak about the services banks render.

A single-sheet insert featuring auto loans, "STOP Before You BUY a New Car." This enclosure was designed and produced so that even the smallest bank can afford to purchase copies, and the largest bank can afford to use it for mass distribution.

A savings folder, "The Thrift Family Album."

A blotter featuring safe deposit facilities.

A bank-by-mail folder, "Next to Seeing You . . . Your Bank Likes to Hear from You."



Midwestern Bankers at the Chicago Regional Savings Bonds Conference

THIRTY-FIVE representatives of Midwestern state bankers associations met in Chicago recently with William H. Neal, chairman of the American Bankers Association's Savings Bonds Committee, to plan for intensified Savings Bonds sales in 1954. Associations represented included Illinois, Indiana, Iowa, Michigan, Minnesota, and Wisconsin.

Chairman Neal, who is senior vice-president, Wachovia Bank and Trust Company, Winston-Salem, seated in foreground at extreme right, outlined the activities planned by the A.B.A. to aid state associations, banking groups, and individual banks in their Savings Bonds promotion, including speech material that would show the importance of stepped-up Savings

Bond sales to the Treasury's sound money program. It was agreed by the banks that H Bonds are especially important as a savings-investment and present an opportunity for banks to serve small estates and people with substantial sums of cash above the amount of liquid savings essential to meet their needs.

The Committee has also arranged for 11 additional regional Savings Bonds meetings so that every section of the country will have been covered. The first of these was held in Atlanta on January 28 and the conferences will terminate on March 5 with a meeting in Fargo. The first such Savings Bonds meeting was held last November in Cincinnati. See story on page 82, January BANKING.

92 Out of Each 100 Checks Now Carry Routing Symbol in Proper Location; Some Gain in All 12 Fed Districts

The check routing symbol program made further progress in the latter half of 1953, when 92 out of every 100 checks handled by the Federal Reserve banks were found to carry the symbol in the right place, according to Valentine Willis, chairman of the Subcommittee on Collections of the Federal Reserve System.

The new record high of 92 percent for the country as a whole represents a gain of one percentage point since the last survey in June 1953. Gains were reported in all 12 Federal Reserve districts, with the largest (four points) made in the St. Louis District.

The survey also showed that properly placed routing symbols now appear on 90 percent or more of checks written in 35 out of the 48 states, compared with 32 states in June. New Jersey and Vermont lead the states, with averages of 98 percent each.

"With the ever-growing volume of checks, now estimated at more than 7-billion for 1953, and the necessity for the average check to be processed through three banks, the routing sym-

bol is essential if banks are to give their customers swift and efficient service," Mr. Willis noted. "Without the symbol, banks could not handle this big job as well as they do."

The routing symbol is a set of numerals in fractional form, printed in the upper right corner, that makes it possible for checks to be sorted and sent speedily from the banks in which they are deposited to the banks on which they are drawn. Promotion of its use began in 1945 under the joint sponsorship of the American Bankers Association and the Federal Reserve System.

Here are the percentage totals:

District	Percent	
	of total for dis- trict as of 12/1/53	Increase since previous survey (6/1/53)
1 Boston	96.	1.
2 New York	97.	1.
3 Philadelphia	96.	2.
4 Cleveland	94.	2.
5 Richmond	92.	1.
6 Atlanta	88.	1.

A.B.A.'s New Series of 52 Informative New Ads

A new series of 52 informative newspaper ads—"Bank Facts for You"—was announced last month by the A.B.A. Advertising Department. These advertisements explain money and banking in simple terms so that everyone can have a better understanding of the function of both. The first eight ads are now available and the balance will be distributed four per month.

Heads on the first eight ads:

"To Help You With Your Money Matters"; "What You Can Learn from Our Bank's Statement of Condition"; "Our Bank's Obligation to Customers"; "What Is a Sound Loan?"; "We Keep Your Banking Matters Confidential"; "Your Stake in Sound Money"; "How Deposits in Our Bank Are Protected"; and "Why There Are Service Charges on Some Checking Accounts."

7 Chicago	87.	1.
8 St. Louis	92.	4.
9 Minneapolis	92.	1.
10 Kansas City	91.	3.
11 Dallas	84.	—
12 San Francisco	88.	3.
TOTAL	92.	1.

William T. Wilson Retires As Deputy Manager, A.B.A., After 20 Years of Service

Amy, Fichtel, and Saxon Assume Duties Relinquished

Principal changes occurring in the staff of the American Bankers Association as of January 1 stem from the retirement of William T. Wilson, deputy manager, who has been secretary of the State Association Section for the past 11 years, secretary of the Association's Savings Bonds Committee, and secretary of its Committee on Federal Depository Functions and Fiscal Procedures.

Mr. Wilson has been retained for a period of three months as consultant to the Savings Bonds Committee in connection with the current Savings Bond campaign. His post of secretary of the Committee has been assumed by Rudolph R. Fichtel, who has been assistant secretary. Mr. Fichtel is also secretary of the Public Relations Council.

The secretaryship of the Committee on Federal Depository Functions has been taken by James J. Saxon, heretofore assistant secretary. Mr. Saxon is assistant general counsel in the Washington office.

George R. Amy has succeeded Mr. Wilson as secretary of the State Association Section. Mr. Amy continues as deputy manager and as secretary of the Country Bank Operations Commission.

With A.B.A. 20 Years

Mr. Wilson joined the A.B.A. advertising and public relations staff in 1933, after 10 years of work in this field.

During the more than 20 years Mr. Wilson has been associated with the A.B.A. he has served in a number of important capacities, including these assignments: In 1939 he became the Public Relations Council's first director, which post he held for three years. Thereafter for the next two years he was director of the Committee on Public Education. From 1944 to the present he was secretary of the Committee on Savings Bonds Redemptions (more recently the Committee's functions were expanded and it was renamed the Committee on Federal Depository Functions and Fiscal Procedures); and in 1952-53 he was secretary of the Treasury Savings Bonds Committee. He was appointed a deputy manager of the Association in 1945.

Mr. Wilson was president of the New York Financial Advertisers in 1943-44 and has been a member of the FPRA for 25 years.



Wm. T. Wilson



Dr. Wm. A. Irwin



Rudolph R. Fichtel, above, left; James J. Saxon, above, right; and George R. Amy, at right



A.I.B. Membership Hits A 53-Year Record High

The American Institute of Banking broke a 53-year record on December 31, 1953, when an all-time high membership of 103,442 was reached, reports National Secretary Robert C. Rutherford. Class enrolments on the same date, which include only the first semester, were 40,899. This figure compares with enrolments on December 31, 1952, of 32,250, a net gain of 8,649.

Mr. Rutherford estimates that if the same enrolment trend continues through the second semester, enrolments by the Institute's year-end will reach 52,000, another record breaker.

The educational work of the Institute is conducted through 269 chapters, 117 study groups, and correspondent courses. The correspondent courses are open to bankers in the most remote regions and to banking personnel serving with the United States Armed Forces at home and abroad. Presently there are 1,508 correspondent students.

No analysis has as yet been made, Mr. Rutherford said, to determine the reason for the spurt in Institute membership and class attendance; however, he feels that there are several contributing factors. These include an increasing awareness by bankers of the importance and value of the A.I.B.'s educational program; increased interest aroused by the Institute's short courses; and more effective promotional efforts by the National Office and local chapters.

Dr. Wm. A. Irwin Retires as A.B.A. Economist and G.S.B. Associate Director

Was Educational Director, A.I.B. From 1940 Until End of 1947

Dr. William A. Irwin, who served the American Bankers Association for 16 years in various official capacities and numbers his banking friends in the thousands, retired on December 31, 1953, under the Association's employee pension plan.

"Doctor Bill," as he is affectionately called by many of his banker friends, joined the A.B.A. on November 1, 1937, as assistant educational director of the American Institute of Banking. Three years later he succeeded Dr. Harold Stonier as national educational director, a post he held until the end of 1947.

From 1938 to 1947, Dr. Irwin also served as assistant director of The Graduate School of Banking and since 1947 has been the School's associate director. Since 1944 he has also been economist of the American Bankers Association and secretary of the Association's Economic Policy Commission.

Much Traveled

Doctor Irwin's duties made him one of the A.B.A.'s most traveled speakers. Aside from lectures at the G.S.B. and addresses at A.I.B. and A.B.A. conventions and conferences, his carefully-kept diary indicates that between November 1, 1937 and December 31, 1953, he traveled 530,000 miles for the Association and made over 700 speeches before audiences aggregating some 225,000 people.

Doctor Irwin came to the A.B.A. from Washburn University at Topeka, Kansas, where he had been head of the economics department for 16 years. While teaching at Washburn, Doctor Irwin was graduated from the university School of Law with a degree of LL.B. In 1940 Washburn awarded him an honorary degree of LL.D. In 1950 Rutgers University conferred upon him the degree of Doctor of Letters.

"Doctor Bill" is a Scot. He was born in Ireland, reared in Scotland, and educated in Canada. He received his bachelor's and master's degrees from Queen's University in Kingston, Ont.

Doctor and Mrs. Irwin make their home in White Plains, N. Y. It is understood that his plans for the future include some public speaking, world travel, and the perfecting of one of his favorite hobbies—color photography.

Things never seem so bad if you know your neighbor is having a worse time.

V. H. Rossetti Is Named General Chairman of the A.I.B.'s Los Angeles Convention Next June 7 through 11

The chairmen of the committees for the 52nd Annual Convention of the American Institute of Banking, to be held in Los Angeles, June 7-11, 1954, have been announced by Stetson B. Harman, president of the A.I.B. Mr. Harman is trust officer and assistant secretary, First Trust and Savings Bank of Pasadena.

V. H. Rossetti, chairman of the board, The Farmers and Merchants National Bank of Los Angeles, will be general chairman of the convention; and John N. Hunt, vice-president, The Farmers and Merchants National Bank, will be assistant general chairman.

The general vice-chairmen will be A. J. Gock, chairman of the board, Bank of America; Herbert D. Ivey, chairman of the board, Citizens National Trust & Savings Bank of Los Angeles; Frank L. King, president, California Bank; Ben R. Meyer, chairman of the board, Union Bank & Trust Co.; John Pogue, vice-president and manager, Canadian Bank of Commerce; James E. Shelton,

president, Security-First National Bank of Los Angeles; and Weston F. Volverg, vice-president and manager, Los Angeles Branch, Federal Reserve Bank of San Francisco.

W. J. Thomas, assistant manager, Los Angeles Branch, Federal Reserve Bank of San Francisco, will be treasurer and chairman of the Finance Committee for the convention. Miss Lee Olson of the Title Insurance and Trust Company will be convention secretary.

Other Chairmen

The chairmen of the other local convention committees are:

DEBATE: Arthur E. Oliver, The Farmers and Merchants National Bank of Los Angeles; ENTERTAINMENT: Bruce W. McPheeters, Security-First National Bank of Los Angeles; HALLS AND MEETING PLACES: Arnold Tyssee, Bank of America; HOSPITALITY: James B. Thompson, California Bank; HOTELS: Charles Phillips, Citizens National Trust & Savings Bank of Los Angeles;

G.S.B. Reunion March 12

The 17th annual alumni reunion of The Graduate School of Banking will be held on Friday, March 12, at the Columbia University Club, New York City. Host is the New York Metropolitan Group, G.S.B. Guest speaker is W. Randolph Burgess, Deputy Secretary of the Treasury. Lewis Webster Jones, president of Rutgers University will attend. The annual G.S.B. faculty meeting is held in connection with the reunion.

INFORMATION: C. E. Potratz, Los Angeles Branch, Federal Reserve Bank of San Francisco; PERSONNEL: Chester C. Lincoln, Security-First National Bank of Los Angeles; PUBLIC SPEAKING: Robert L. Gordon, Bank of America; PUBLICITY: Harry E. Petersen, Citizens National Trust & Savings Bank of Los Angeles; REGISTRATION: Hal W. Cross, Union Bank & Trust Co.; TRANSPORTATION: A. M. Gaines, The Farmers and Merchants National Bank of Los Angeles; UTILITY: Jack W. Fromm, California Bank; and WOMEN'S: Miss Gene H. Colwell, Bank of America.

News for Instalment Credit Men

Items and Comment from Our Instalment Credit Commission and Other Sources

Finance Plan for Crosley Dealers to Protect Banks

THE Avco Manufacturing Corporation has announced for its Crosley and household appliance dealers a finance plan, factory-distributor endorsed up to 90 percent of the cost.

Known as the Avco Security Plan, the program utilizes the dealer's own bank, which is to purchase all acceptable retail paper submitted by the dealer. It provides adequate revolving credit or floor-plan financing, and unlimited retail financing with distributor-manufacturer backing to minimize risk to the bank and the dealer.

As the company explains the plan: "To the qualified dealer, this means that the bank participating in the plan, preferably his own neighborhood bank, will set up a definite amount of credit, based on a budget of his year-round credit needs. He

can use this amount over and over to buy Crosley products. The amount, however, cannot exceed \$20,000.

"The cost to the participating dealer in the Avco Security Plan will be one-half of one percent on balances financed through his local bank. This is paid only once on each sales contract.

"For this fee, the plan frees a Crosley dealer from unnecessary operating limitations by guaranteeing his recourse liabilities and by assuring his bank that in event of the dealer's failure, appliances covered by existing contracts will be properly serviced and cared for. In return for these guarantees and warranties, the bank agrees to advance the Crosley dealer 100 percent of each contract financed.

"The bank will advance to the dealer the full unpaid balance on each contract purchased—no hold-backs. Thus the dealer is on a full recourse plan, obligated to buy back

either defaulted retail contracts or repossessed appliances for the unpaid balances.

"When the dealer cannot fulfill this obligation, Crosley and the distributor will pay the bank the balance due on each defaulted contract, after deducting any available related dealer reserve, which will not exceed 10 percent of the total contract balance at the time of the dealer's default.

"Under the wholesale provisions of the plan, Crosley and the distributor will buy back floor-planned Crosley products up to 90 percent of the dealer's original cost if the bank has to repossess them."

Why Not a Nationwide Skip Clearinghouse? Banker Asks

R. H. HERTZ assistant vice-president of The Merchants Bank of New York, suggests a nationwide skip

clearinghouse for catching up with professional skips. Writing in *Credit World* for December 1953, Mr. Hertz says that "there are some debtors (and fortunately they are only a small fractional percentage) who make it their business to disappear. They usually manage to erase all traces of themselves, and their personal references have a way of mysteriously evaporating too."

"And yet," he continues, "there should be a way of catching up with these professional skips. For somewhere, sometime in the future they are likely to apply for credit again. I have often thought what a nationwide skip clearinghouse could do in order to protect us from those people who often have fraud on their minds even before they sign their contracts."

Mr. Hertz says that he doesn't mean to suggest that such a system could be set up overnight or that it is the only way of solving the skip problem. But he hopes that credit grantors will give the matter some thought. "To my mind," he concludes, "a central skip clearinghouse

is merely the logical consequence of the fact which we have realized all along and that is that the interchange of information is of mutual benefit to us all."

Businessmen Given First Place as Credit Risks

BUSINESS executives set a good example to the public in paying their own personal bills, according to a recent issue of *Life* Magazine. In an article on personal credit, *Life* gave a list of the 42 commonest occupations and their credit ratings, as prepared at University of Illinois.

Here are the top 10: (1) Business executives; (2) accountants and auditors; (3) retail managers; (4) chain store managers; (*Life* says these categories may lead because they have so much firsthand experience with credit and know the value of a good rating); (5) doctors and dentists; (6) engineers; (7) farm owners; (8) Army and Navy officers; (9) office workers; (10) college professors.

New Firm Offers Instalment Financing Plan for Banks

A NEW plan for arranging and coordinating bank instalment financing facilities of manufacturers, distributors, and dealers has been advanced by E. A. Mattison and Associates, an organization newly formed to specialize in bank financing plans.

The plan will provide warehouse financing at the distributor level; floor-planning at the dealer level, and a without-recourse plan for sales contract financing for the retail buyer. The basic pattern for the program is a repurchase agreement which is designed to protect banks against loss.

General offices of the firm will be in Chicago, with immediate coverage throughout the Midwest and a specific planned program for national expansion within a few months.

The first Chicago manufacturer to conclude arrangements with the new organization is Motorola, Inc.

News on Savings

Items and Comment from Our Savings and Mortgage Division and Other Sources

Annual A.B.A. Savings and Mortgage Conference in New York, March 2-3

ADMINISTRATIVE, operational, and promotional problems of savings management will be spotlighted at the annual Savings and Mortgage Conference of the American Bankers Association to be held at the Statler Hotel in New York City on March 2-3, says an announcement by John W. Kress, executive vice-president of The Howard Savings Institution, Newark, New Jersey, and president of the Savings and Mortgage Division. Held in conjunction with the conference on March 2, will be the National School Savings Forum, of interest to educators and bankers in all sections of the country.

During the two days of the conference, bankers will study new developments affecting thrift and the mortgage financing of new homes and business buildings.

General sessions will be held at 10 A.M. and 2 P.M. on Tuesday and Wednesday, March 2 and 3, in the Statler. Tuesday will be taken up with savings problems, while Wednesday's sessions will be devoted to mortgage financing.

Educational displays of bank operating equipment and exhibits of building and modernization ideas and materials will be found in the Georgian Room and the foyer.

The tentative program for the conference follows:

First Session

Tuesday, March 2, 1954, 10 A.M.

Presiding: J. R. Dunkerley, deputy manager in charge of Savings and Mortgage Division, American Bankers Association, New York.

"The Savings and Mortgage Picture" by Mr. Kress.

"Recognizing Current Investment Problems" by Harold B. Dorsey, president, Argus Research Corporation, New York.

"The Use of Electronics by Small and Large Banks" by Joseph Earl Perry, former president, Savings and Mortgage Division, A.B.A.; president, Newton (Massachusetts) Savings Bank. Open forum.

Second Session

2 P.M.

Presiding: President Kress.

"AM + PM + HT = Builds Savings Deposits"—Panel. Frank M. Totton, chairman; chairman, Public Relations Council, A.B.A.; vice-president, The Chase National Bank, New York.

Panel Members: R. F. Bagwell, member, Committee on Savings and

Mortgage Development, A.B.A.; vice-president, Bank of Virginia, Richmond; Harold J. Marshall, member, Public Relations Council, A.B.A.; executive vice-president, Manufacturers National Bank, Troy; Philip A. Perkins, member, Committee on Savings and Mortgage Development; treasurer, Palmer (Massachusetts) Savings Bank; D. James Pritchard, member, Public Relations Council; vice-president, Society for Savings in the City of Cleveland; and Rudolph R. Fichtel, secretary, Public Relations Council, New York. Open forum.

Third Session

Wednesday, March 3, 1954, 10 A.M.

Presiding: Joseph R. Jones, vice-president, Savings and Mortgage Division; chairman, Committee on Real Estate Mortgages; vice-president, Security-First National Bank of Los Angeles.

"Mortgage Lending Symposium"—Subjects: New Aspects of the Open-End and Package Mortgages; What We Have Learned in Making Out-of-State Mortgages; Financing Home Improvements; and Competing for Mortgages in 1954. Vice-president Jones, chairman.

Panel Members: John J. Mackey, solicitor, Dime Savings Bank of Brooklyn; John J. Redfield, member of the firm of Cadwalader, Wickersham, and Taft, New York; Samuel W. Hawley, vice-president, Bridgeport-People's Savings Bank, Bridgeport, Connecticut; V. R. Steffensen, member, Committee on Real Estate Mortgages, A.B.A.; senior vice-president, First Security Bank of Utah, Salt Lake City. Open forum.

Fourth Session

2 P.M.

Presiding: President Kress.

"The Republican Administration's Attitude Toward Housing Legislation"—speaker to be announced.

"The Outlook for Mortgage Credit" by Dr. Claude Benner, president, Continental American Life Insurance Co., Wilmington, Delaware. Open forum.

School Savings Forum

The National School Savings Forum and dinner will be held Tuesday afternoon and evening. This program, built around a theme of "Thrift Education—A Community Responsibility," will start at 4

At the height of the football season, the thrift facilities of the State-Planters Bank and Trust Co., Richmond, were given a boost by a display of 10 attractive baby pictures, some of which had football tie-ups. The display carried a banner head: "Make sure of their college education by saving—regularly! State-Planters pay 2% interest on savings up to \$2,500." Each picture had a fitting catch line caption



o'clock, with a panel discussion by leading school savings bankers and educators. It will be followed by a dinner at 7:15 P.M. The tentative forum program follows:

Tuesday, March 2, 1954—4 P.M.

Call to order by Millicent A. Trichler, chairman, Committee on School Savings Banking, Savings and Mortgage Division; assistant secretary, Dollar Savings Bank, New York.

Panel Discussion on Thrift Education:

"Junior Achievement and Banks" by Laurence C. Hart, president, Junior Achievement, Inc.; vice-president for relationships, Johns-Manville Corporation, New York.

"The Viewpoint of the Parent" by Mrs. A. Hobart Anderson, immediate past president, New Jersey Congress of Parents and Teachers, Clifton.

"The Viewpoint of the Educator" by Dr. Lewis P. Hoyer, superintendent of schools, School District of Philadelphia.

Mr. de Callies, left, discusses banking with President Norbeck and Minister of Education Ivar Persson in Stockholm



"The Viewpoint of the Banker" by Lawrence A. Merrigan, member, Committee on School Savings Banking, A.B.A.; vice-president, Progressive Bank and Trust Co., New Orleans.

Examination of Exhibits

6 to 7:15 P.M.—Keystone Room Foyer

(Bank exhibits showing operations and promotional material used in practically every type of school savings banking system.)

Dinner

7:15 P.M.—Keystone Room

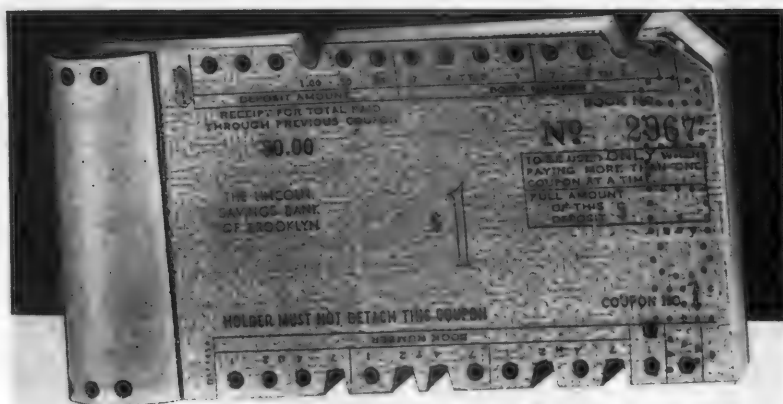
Presiding: Mr. Kress.

"Passbook to the Future" by Dr. Worth McClure, executive secretary, American Association of School Administrators, Washington.

Exchange Banker Reports

ASKED what was accomplished by his six-month tour of duty as an exchange teller at the Stockholms Sparbank in Stockholm, Sweden, Jacques de Callies, of the Union Dime Savings Bank of New York City, replied: "For one thing, we feel that the international goodwill created made it worth while."

"It gave me an opportunity," he continued, "of observing the important place held by the Stockholms Sparbank in the life of the city. Their school savings program is extensive and I dare say every child in Stockholm is learning what it means to be thrifty."



This school savings banking coupon book used by the Lincoln Savings Bank of Brooklyn corresponds to the Franklin Square coupon book, except that the latter does not now have \$1 coupons. (For details of Lincoln's plan turn to page 94 of May 1953 BANKING)

Mr. de Callies found Swedish hospitality unending. "It was truly wonderful," he said.

Union Dime is believed to be the first savings bank in the United States to send an exchange worker abroad.

Olaf Norbeck, president of the Stockholms Sparbank, talked with Union Dime President J. Wilbur Lewis and Vice-president Walter R. Williams, Jr., about exchange workers when he visited the United States several years ago.

The Sparbank has 20 offices in addition to its three savings buses. Mr. de Callies worked as a teller and foreign exchange specialist in the Hotel Malmen branch, in which

he served many American tourists.

He met with the bank's trustees and frequently was asked to explain American banking practices. He accompanied the bank's trustees on their semi-annual inspection trip of mortgaged properties.

Union Dime is looking forward to a visit this year from a Sparbank exchange employee, and, of course, Jacques de Callies will give him the same warm reception he received in Stockholm.

Franklin's School Plan

THREE years after the Franklin National Bank of Franklin Square, New York, first introduced its "bank

day" school savings plan in Elmont district schools as an experiment, 23 Nassau County schools are participating.

The plan is based upon a coupon book in 25 cent and 50 cent denominations, a student teller for each class, and a drawstring school bank bag for "class-room collection." The student depositor hands his 25 cents or 50 cents (or multiples thereof) to the student teller who stamps the stub and drops both money and coupon into her school bank bag. There is no counting, no tallying. The bank takes full responsibility for accuracy, even makes up any discrepancies as a normal business risk. The student teller takes his bright-colored school bank bag to a central room in the school where a representative of the bank picks up the filled bags and leaves empties for the next week's collection.

Student tellers at the end of each school year are rewarded for their work by a diploma from the bank, a gift, and an impressive "official" tour of the bank's nearest office.

Trend in Savings

(Billions of dollars)

	1953 Oct. 31	1952 Oct. 31	% Incr.
Comm'l banks	\$43.2	\$40.1	8
Mutual savings banks	24.1	22.2	8
Savings & loan ass'ns. (Oct. 1)	21.7	18.2	19
Postal savings	2.4	2.5	-4
U. S. Savings Bonds	57.8	57.8	0

SOURCE: Federal Reserve Bulletin

News for Mortgage Credit Men

Items and Comment from Our Savings and Mortgage Division and Other Sources

"Home Buyer's Check List"

THE 1954 edition of the *Home Buyer's Check List*, compiled by the Housing Research Foundation of the Southwest Research Institute of San Antonio, Texas,* is available at a nominal charge, in small or quantity lots.

This booklet is intended to assist the homebuyer in appraising the value and performance of a house. For several years the Housing Research Foundation has been working with leading merchant builders and architects to get houses built of high quality in relation to the price.

This publication starts with the assumption that the reader has no technical knowledge of building and it tried to give a 15-minute education on the subject.

*8500 Culebra Road.

Real Estate Financing

HOW TO FINANCE REAL ESTATE (2ND EDITION). By Stanley L. McMichael and Paul T. O'Keefe. Prentice-Hall, Inc., New York. 366 pp. \$5.75. Each of the 29 chapters has been overhauled and edited in the light of last-minute realty developments and regulations; old sections

have been dropped out entirely and replaced by timely new tips and pointers that real estate men over the country have found useful and profitable.

In addition to many ready-to-use forms and charts covering various phases of mortgage financing, this work tells how and when to use each of 26 sources of private, corporate, and governmental real estate credit. It includes complete sets of tested yield tables, which tell at a glance the exact yields accruing from holdings of monthly payment, self-liquidating mortgages.

Mr. O'Keefe is vice-president of

the New York City realty firm of James Felt & Co., Inc.; a member of the Real Estate Board of New York; belongs to the American Institute of Real Estate Appraisers and the New York State Appraisal Society; is a lecturer at New York University.

Mr. McMichael was a real estate expert for more than 40 years and is the author of 21 books having to do with real estate financing, etc.

The Housing Report

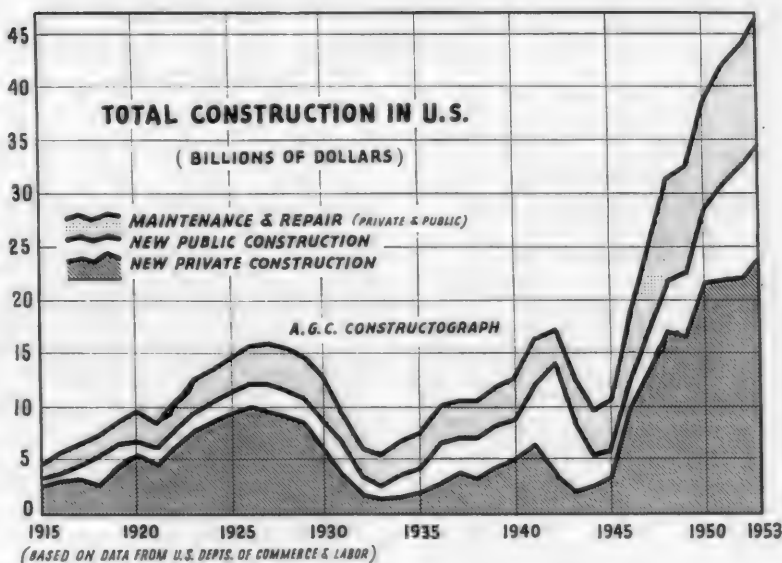
A GREAT deal of interest was aroused by the report of the President's Advisory Committee on Government Housing Policies and Programs, in which specific recommendations were made.

An analysis by Miles L. Colean of the principal features of the committee's report appears on page 42.

English New Town Study

ENGLAND'S "New Towns" experimental approach to the solution of postwar needs for homes combined with industrial decentralization is explained briefly in *The English New Town*, published recently by the Bowery Savings Bank of New York as *Bowery Brief #7* for the Committee on Economic Studies.

"The methods followed in the British experiment are not put forward as a pattern for adoption in the United States," the Study says. "But there is in this attempt to create complete living communities instead of mere housing developments, to bring home and job physically



closer together, an example of intelligent social planning decidedly worth observing and pondering."

The Bowery "invites attention to the British experiment by those officially concerned with housing matters and especially by the Government mortgage insurance agencies and the institutions financing such insured mortgages."

Construction Sets a Record

EXPENDITURES for new construction put in place in 1953 totaled \$34.8-billion, according to preliminary estimates of the U. S. Departments of Labor and Commerce. This represents the highest volume recorded in the 39 years for which data are available.

Private construction was up 8 percent from 1952 to \$23.6-billion in 1953, and public outlays rose 4 percent to \$11.2-billion. New records were established in 1953 for private spending on commercial, religious, educational, and public-utility construction, and for public outlays on schools, highways, and sewer and water construction.

Private spending for residential building rose 7 percent from 1952 to almost \$12-billion in 1953, and for the eighth consecutive year exceeded total expenditures for all public construction activity.

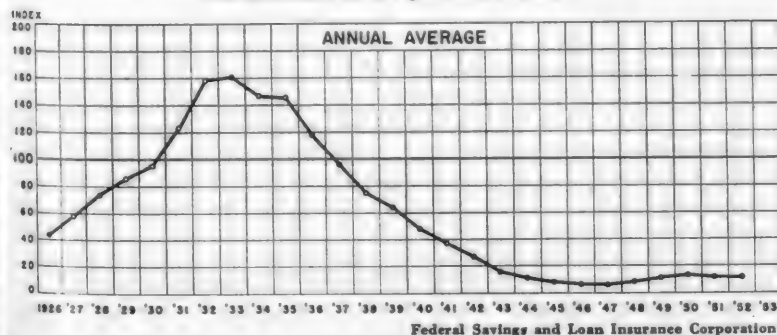
December expenditures totaling almost \$2.7-billion, were down 11 percent from November, but were 4 percent above the December 1952 total.

Nonfarm Real Estate Foreclosures

1935-1939 = 100

Adjusted for Seasonal Variation

(Figures for 1953 continue the low foreclosure pattern characteristic of the postwar years.)



Housing Starts

Permanent nonfarm dwelling units starts in December totaled 68,000, according to preliminary estimates by the U. S. Department of Labor. The seasonally adjusted annual rate for private starts in 1953 was 1,112,000.

September starts were revised to 95,100.

Preliminary estimates for total nonfarm housing starts in 1953 is 1,102,400, which compares to 1,127,000 in 1952.

News for Trustmen

Items and Comment from Our Trust Division and Other Sources

Estate Planning Contest for Law Students

To stimulate interest in the legal aspects of estate planning, City National Bank & Trust Company of Kansas City, Missouri, is offering prizes totaling \$150 annually to students at the University of Missouri School of Law.

First and second prizes of \$50 and \$25 will be awarded each semester to students who excel in drawing up a will or trust in a drafting course required of all senior law students. Vice-president and Trust Officer Charles G. Young, Jr. explains that in the future the prizes will go to top students in a new course on estate planning, soon to be introduced in the School of Law.

Prizes will be awarded under the direction of Glenn A. McCleary, dean of the Law School.

Will Drafting Contest for Law Students

A WILL DRAFTING CONTEST for law students at the University of Kentucky is being sponsored by the Security Trust Company of Lexington. According to Vice-President H. Leroy Austin, all of the details have been worked out with the Law College faculty. The contest will be open to all students of the University enrolled in their final year of law, and also to any other students who may be enrolled in the course in estate, inheritance and gift taxation during the spring semester.

It is expected that the contest will be an annual event. In any future year, a student who has competed will be ineligible to compete again.

Hypothetical facts will be given from which each contestant will draft a will. In addition to sponsoring the contest, the trust company will award three prizes for the best entries; first prize, \$100; second prize, \$50; third prize, \$25. The prizes will be awarded with appropriate recognition for the successful contestants on Law Day 1954.

Judges of the contest will be three



The American Institute of Banking's committee for the revision of *Trust Division II* (to be renamed *Trust Department Operations*) held its first meeting in New York recently. Seated around the table, left to right, Bart A. Brown, vice-president, Citizens Fidelity Bank and Trust Co., Louisville; Marion Turner, assistant to educational director, A. I. B.; Earl S. MacNeill, vice-president, Irving Trust Co., New York; Clarence D. Cowdery, vice-president, The Boatmen's National Bank, St. Louis, chairman; Edward A. Berndt, Jr., vice-president, American National Bank and Trust Co., Chicago; Charles E. Orcutt, assistant secretary, A.B.A. Trust Division; Ruth M. Hume, Institute text editor. Standing, left to right, James W. Allison, retired vice-president, Equitable Trust Co., Wilmington; Leroy Lewis, educational director; George C. Barclay, vice-president, City Bank Farmers Trust Co., New York; and Joseph H. Wolfe, assistant secretary, A.B.A. Trust Division

or more members of the Kentucky Bar, selected by the Fayette County Bar Association. The faculty of the College of Law will initially select the 12 best entries and turn them over to the judges for their selections for prizes.

"The importance of possible tax saving today," said Mr. Austin, "requires that special attention be directed to the elements of will drafting at the law school level."

Benefits May Be Doubled Under Manufacturers' Plan

MANUFACTURERS TRUST COMPANY, New York, announced recently that it is offering to the more than 500 banks, located in 37 states, which participate in its Correspondent Bank Group Life Insurance Plan an improved plan under which the benefits to the covered employees may be doubled.

Under the plan in existence for the last six years, the insurance coverage has been limited to an amount approximating the employee's annual salary, with maximum coverage

of \$5,000 for any individual. Under the new plan the permitted coverage is about twice the annual salary up to a maximum of \$10,000, with reducing benefits at age 66 and over.

There will be no change in the gross premium for the ensuing policy year. This premium is now \$1 a month for each \$1,000 of insurance, but dividends received by participating banks in 1951 and 1952 have reduced the net cost in those years to less than 65 cents per \$1,000.

The Correspondent Bank Group Life Insurance Plan, under which Manufacturers Trust Company acts as trustee, was started in November 1947, for the purpose of making group life insurance available to small banks which could not obtain it directly because of lack of the required minimum number of employees. Banks participating in the plan obtain group life insurance for their employees on virtually the same basis as do the large metropolitan banks, by spreading the risk over a large number of insurable lives. While primarily designed for the smaller banks, all banks are eligible for participation in the plan.

When the necessary consents have been obtained from the participating banks, Manufacturers Trust Company will declare the improved plan effective.

Correspondent Banks Must Pay Cost of Pensions

LEGAL requirements make it necessary for correspondent banks enrolling in the correspondent bank employee retirement plan of the Chase National Bank of New York (January BANKING, page 91) to pay the entire cost of the plan, without contributions from its employees, according to Senior Vice-President George Champion.

Chase National will administer the plan as trustee through a group insurance contract with the Metropolitan Life Insurance Company, reinsured as to one-half with The Travelers Insurance Company.

Mid-Winter Trust Conference

THE 35th Mid-Winter Trust Conference of the American Bankers Association will be held in The Waldorf-Astoria, New York City, February 8-10.

The conference is expected to attract about 1,800 trust executives from banks throughout the country. Among the features of the three-day meeting will be a luncheon on Wednesday, February 10, with the New York Clearing House acting as host; an entire session devoted to trust investments; and an afternoon session in which two panel discussions will be held simultaneously with delegates attending whichever is of the greater interest to them. The two panels will be "Handling Businesses in Trust" and "Problems of Smaller Trust Departments."

A group of outstanding speakers—both bankers and nonbankers—

will address the Conference. (See page 107, January BANKING for program details.)

Schedule of State Trust Conferences

Apr. 1-2—Pennsylvania Bankers Association, Penn-Harris Hotel, Harrisburg.

May 12—Connecticut Bankers Association, New Haven Lawn Club, New Haven.

Oct. 14-15—New York State Bankers Association, Hotel Syracuse, Syracuse.

Nov. 17-18—New Jersey Bankers Association, The Berkeley Carteret Hotel, Asbury Park.

(State secretaries are invited to send in dates and places of their trust conferences.)

Published Fee Schedules

SPEAKING at the recent trust school

Bank Farm Service Departments (II)

DOUGLAS F. GRAVES

This is the second and last installment of an article by MR. GRAVES, who is assistant secretary and manager of the farm division of The Northern Trust Company, Chicago. For information on the extent of Northern's farm management activities see page 92, January BANKING.

THE duties of a trustee depend upon the terms of the trust instrument and the type of trust concerned. There are several types of trusts, and the duties and responsibilities of the trustee may be different under each.

In the absence of some definite authority, trust companies in some states are reluctant to undertake the responsibility of managing a livestock farm. In states where the "prudent man" rule does not apply, the trustee may be further handicapped in his management of a livestock farm operation. Also, because of administration difficulties, many trust companies may prefer to operate trust-owned farms on a cash and grain basis, rather than on a livestock share lease. An exception

to this may be The Northern Trust Company. We have about 40 percent of our trust farms rented on a livestock share basis.

Farms may be managed under a trust under will or a living trust. In addition to holding property as trustee, a bank may manage properties under a guardianship appointment. The duties of a guardian are very much like those of a trustee, except that usually such duties are fixed by law or the court, whereas the duties of a trustee are fixed and determined primarily by the terms of the will or trust agreement. Operating a farm under a guardianship appointment entails some additional administrative problems, but in general our experience has been very favorable on such account.

There are several other types of agreement by which banks assume responsibility of management of farms. In general, these are special management advisory or agency services. The main difference between these agreements and a trust

agreement are: (1) A trustee usually holds legal title to the property but an advisory agent does not; (2) a trust need not terminate at the death of the settlor, but an advisory agreement usually does; (3) a trustee under will or under an irrevocable trust customarily has the responsibility of making decisions while a trustee under a revocable trust or an advisory agent agreement only makes recommendations and the principal makes the major decisions regarding the operations of the farm; (4) a trustee is responsible to the settlor or to the beneficiaries for his management, whereas the advisory agent has only limited responsibility in that the principal may be making the major decisions; (5) usually a trustee is responsible for taxes, insurance, etc., in fact nearly all the things for which a normal owner would be responsible.



Mr. Graves

of the Pennsylvania Bankers Association, John H. Zane, trust officer of the Provident Trust Company, of Philadelphia, reported on a study he had made of the use of personal service books and fee books by several large Pennsylvania trust companies.

Here are excerpts from his remarks:

"In applying its fee schedule, one trust department quotes [fees] only on executorships and testamentary trusts, with no fee schedule for living trusts or other current business. It cost analyzes each new piece of

active business and quotes accordingly. Another trust department in each living trust includes a special clause providing for compensation in accordance with its schedule and adjustment as the schedule is revised. It used to have similar language in wills providing for a testamentary trust, but in view of Act 10 passed by the recent legislature, it no longer insists on this.

"Four trust departments provide in their compensation agreements that they may increase their charges as trustee at any time, but that this increase must be approved by a

settlor or the competent income beneficiaries, and that if the approval is not forthcoming the corporate fiduciary may resign. Three of the four provide they will not qualify as executor if their schedule is increased and the beneficiaries do not approve. Still another trust department specifically does not provide for resignation, as it feels that the testator-settlor has confidence in that company and that the company owes it to him not to resign.

"Three of the reporting trust departments provide that in trusts

(CONTINUED ON PAGE 138)

CALENDAR

American Bankers Association

Feb. 8-10	35th Mid-Winter Trust Conference, Hotel Waldorf-Astoria, N. Y. C.
Mar. 2	National School Savings Forum, Statler Hotel, New York City
Mar. 2-3	Annual Savings and Mortgage Conference, Statler Hotel, New York City
Mar. 18-19	Agricultural Commission Annual Meeting, Denver, Colo.
Mar. 22-24	National Instalment Credit Conference, LaSalle Hotel, Chicago
Apr. 18-20	Executive Council Spring Meeting, The Greenbrier, White Sulphur Springs, W. Va.
June 7-11	Annual Convention, American Institute of Banking, Statler and Biltmore Hotels, Los Angeles
Oct. 17-20	80th Annual Convention, Atlantic City

State Associations

Apr. 8-10	Florida, Vinoy Park Hotel, St. Petersburg
Apr. 12-14	Georgia, Atlanta-Biltmore Hotel, Atlanta
Apr. 22-24	Alaska, Elks Lodge, Kodiak
Apr. 25-27	Louisiana, Jung Hotel, New Orleans
May 5-7	New Jersey, Chalfonte-Haddon Hall, Atlantic City
May 6-7	Oklahoma, Skirvin Hotel, Oklahoma City
May 6-7	Tennessee, Peabody Hotel, Memphis
May 9-12	North Carolina, The Carolina Hotel, Pinehurst
May 10-11	Maryland, Chalfonte-Haddon Hall, Atlantic City
May 10-12	Missouri, Jefferson Hotel, St. Louis
May 11-13	Ohio, Neil House, Columbus
May 12-13	Indiana, Claypool Hotel, Indianapolis
May 12-14	Kansas, Kansas City
May 13	Delaware, DuPont Hotel, Wilmington
May 14-15	New Mexico, Hilton Hotel, Albuquerque
May 16-18	Texas, Gunter Hotel, San Antonio
May 17-19	Mississippi, Buena Vista Hotel, Biloxi
May 20-21	Alabama, Dinkler-Tutwiler, Birmingham
May 20-22	South Carolina, Ocean Forest Hotel, Myrtle Beach
May 21-22	North Dakota, Dacotah Hotel, Grand Forks
May 23-25	California, Huntington Hotel, Pasadena
May 23-26	Pennsylvania, Chalfonte-Haddon Hall, Atlantic City
May 24-26	Arkansas, Arlington Hotel, Hot Springs
May 27-29	Colorado, Broadmoor Hotel, Colorado Springs
May 29-30	Virginia, Cruise
June 3-6	New York, Lake Placid Club, Lake Placid

June 4-5	South Dakota, Franklin Hotel, Deadwood
June 5	Connecticut, Griswold Hotel, Groton
June 6-8	Idaho, The Lodge, Sun Valley
June 9-13	Dist. of Columbia, Greenbrier Hotel, White Sulphur Springs
June 10-11	Massachusetts, New Ocean House, Swampscott
June 11-12	New Hampshire, Wentworth-By-The-Sea, Portsmouth
June 11-12	New Hampshire Mutual Savings, Wentworth-By-The Sea, Portsmouth
June 11-12	Wyoming, Wort Hotel, Jackson
June 13-15	Oregon, Gearhart Hotel, Gearhart
June 14-15	Minnesota, St. Paul Hotel, St. Paul
June 14-15	Utah, Utah Hotel, Salt Lake City
June 14-16	Illinois, Drake Hotel, Chicago
June 18-19	Vermont, Equinox House, Manchester
June 21-22	Washington, Winthrop Hotel, Tacoma
June 21-23	Wisconsin, Schroeder Hotel, Milwaukee
June 24-26	Michigan, Grand Hotel, Mackinac Island
June 24-26	Montana, Many Glacier Hotel, Glacier National Park
June 25-26	New Jersey Savings, Monmouth Hotel, Spring Lake
June 25-27	Maine, Poland Spring House, Poland Spring
July 8-10	Central States Conference, Grand Hotel, Mackinac Island, Michigan
July 22-24	West Virginia, Greenbrier Hotel, White Sulphur Springs
Aug. 29-31	Maine Savings, Poland Spring House, Poland Spring
Sept. 9-11	Massachusetts Savings, Washington Hotel, Bretton Woods, N. H.
Sept. 17-18	Connecticut Savings, Hotel Wentworth-By-The-Sea, Portsmouth, New Hampshire
Oct. 11-12	Nebraska, Fontenelle Hotel, Omaha
Nov. 3-5	New York Savings, The Greenbrier, White Sulphur Springs, W. Va.
Nov. 7-10	Iowa, Ft. Des Moines Hotel, Des Moines

Other Organizations

May 30-31	School of Banking of the South, Louisiana State University, Baton Rouge
Aug. 23-24	School of Banking, University of Wisconsin, Madison
Sept. 26-30	Financial Public Relations Association, Hotel Statler, Washington, D. C.
Oct. 3-6	Consumer Bankers Association, Hotel Roosevelt, New Orleans, La.
Oct. 18-21	National Association of Bank Auditors and Comptrollers, 80th Annual Convention, San Francisco



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Statement of Condition, December 31, 1953

ASSETS

Cash and Due from Banks	\$ 484,286,063.95
U. S. Government Securities	572,229,541.25
State and Municipal Securities	26,188,140.62
Other Securities	12,664,965.06
Loans and Bills Purchased.	705,434,239.57
Real Estate Mortgages	6,267,604.06
Banking Houses	8,600,011.00
Interest Accrued	3,525,137.90
Customers' Liability on Acceptances Outstanding	22,958,710.66
	<u>\$1,842,154,414.07</u>

LIABILITIES

Deposits	\$1,656,719,011.96
Acceptances.	\$25,624,508.35
In Portfolio	2,155,700.40
Reserves for Taxes, Interest, etc.	14,546,014.18
Dividend Payable January 2, 1954	1,200,000.00
Capital	\$24,000,000.00
Surplus	100,000,000.00
Undivided Profits.	22,220,579.98
	<u>\$1,842,154,414.07</u>

U. S. Government Securities carried at \$104,315,238.06
on December 31, 1953, were pledged for various purposes as required by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Truthcasts Through the Iron Curtain

WALTER HENRY NELSON

MR. NELSON is on the staff of the *Crusade for Freedom*, New York City.

MORE than 70,000,000 restive, dissatisfied people in captive Central and Eastern Europe have forced the Kremlin to adopt a more conciliatory attitude toward its satellites. Throughout the satellite area, Moscow has switched its policy from one of near starvation to an announced intent of assuring better-times-to-come.

This change in satellite economic planning, though one in degree only, has been termed the Moscow "New Course." Superficially, it resembles Lenin's New Economic Policy of 1921-28, the period of NEP prosperity caused by a temporary resumption of private enterprise.

This time, however, there will be no private enterprise. The "New Course" which Soviet Russian Premier Georgi Malenkov inaugurated on August 8, 1953, is intended to raise the level of consumer goods production and agricultural development. More food and more goods for the disgruntled worker, farmer, and housewife—that is the central idea of the "New Course."

West Must Bolster Resistance

This change of emphasis was brought about, to a very large extent, by the increasing resistance of the Soviet and satellite peoples to Moscow's repressive maneuvers. Terror has reached the point of diminishing returns and the enslaved millions insist on improvement of their lot. American leaders agree that it is vital for the West to continue bolstering the staunchly anti-Soviet attitude of these peoples, for in it lies one deterrent to World War III. Our leaders also agree that much of the bolstering is being accomplished by one privately directed American agency, Radio Free Europe, which the people of the United States back through their contributions to the *Crusade for Freedom*. RFE's powerful transmitters have blasted the truth into the Iron Curtain countries and, in doing so, have

helped keep up the courage of the more than 70,000,000 enslaved by Soviet Russia in that area.

A typical example of the people's distrust of the regimes which rule them for Soviet Russia, and of the manner in which Radio Free Europe has alerted them to Kremlin trickery, can be seen in the results of a January 6, 1952, RFE "truthcast."

RFE had learned that Prague intended shortly to announce a currency reform that would devalue the Czech crown and wipe out savings. It broadcast these facts to Czechoslovakia and soon learned that the Czechoslovak people had, as a result, gone on a buying spree, withdrawing their money from the banks, queueing up for long hours before the stores, and exchanging their soon-to-be-worthless crowns for things of value.

The Red regime denounced the RFE broadcast and piously denied any intention whatsoever to rob the Czech people. But the currency reform did come, just as RFE knew it would. It came on May 30, 1953—a year later—and Czechoslovak refugees who have since been interviewed in the West by RFE report that it was Radio Free Europe which made it impossible for the Reds to carry out their original plans for a 1952 reform.

Kremlin Promises

Today, because of resistance to the communists, the puppet rulers throughout Central and Eastern Europe echo Malenkov's announced intent: promises of more food and more consumer goods. The level of heavy industrialization and capital expansion, say the satellite leaders, had been "unrealistically placed" and heavy industry will have to be cut down to permit increases in consumer goods production.

Experts on Soviet and satellite affairs on the staffs of Radio Free Europe and its parent, National Committee for a Free Europe, declare flatly that many of the Soviet "New Course" promises are illusory. A careful analysis of satellite investment planning since the promul-

gation of the "New Course" shows clearly that cuts in heavy industrialization, if and when made at all, will be nominal and more than offset by planned future increases and expansion in that field.

What little increased emphasis the light consumer goods industry is likely to receive will probably come from fringe production diverted to these areas from slow-downs in capital expansion deadlines.

Food reserves are low in the Soviet world, and Moscow, appreciating the need for large strategic stocks of foodstuffs in the event of a third World War, is giving agriculture a needed boost under the "New Course." Relaxations of restrictive agricultural regulations and other conciliatory gestures towards the rural population appear to be undertaken with a certain degree of vigor—at any rate with more apparent earnestness than is the case in the light industry field, where promises are general and fail to detail the precise moves the regime plans to inaugurate.

70,000,000 Need Help

The anti-communist attitude of these captive peoples must, of course, be bolstered, for if they are left to their own devices, it is more than likely that they would in time succumb to the inexorable pressure exerted on them by the puppet rulers. To fight back in mind and spirit, to be armed with the facts and the will to refute the Kremlin regime's lies, to remain unfettered in the mind, to remain devoted to the principles of freedom, and to continue in their determined resistance of communism, these 70,000,000 need help.

Fortunately, that help is being given them. Three and a half years ago, a small 7½ kilowatt mobile transmitter started broadcasting out of Frankfurt, West Germany, to Czechoslovakia, 10 hours a week. That voice—Radio Free Europe's first "truthcast"—has now grown to greater volume. Voluntary contribu-

(CONTINUED ON PAGE 122)

SIGNS OF PROGRESS



In St. Louis ...THERE'S A "NEW LOOK" ON THE BANKING SCENE

Workers are at the half-way mark in modernizing the First National Bank in St. Louis. And they're doing a big job of *new construction*, too . . . they're providing us with a 57 per cent increase in floor space. The finished plant will be one of the most efficient and modern bank buildings in the nation.



In 32 States . . . and in 12 foreign countries, these improvements are helping to expedite, among other things, our complete range of correspondent banking services. At present, we are happy to count more than 885 banks as our correspondents.

Statement of Condition, December 31, 1953

RESOURCES

Cash and Due from Banks	\$171,441,652.87
U. S. Government Securities	152,541,793.41
Loans and Discounts	183,615,507.92
Loans Wholly or Partially Guaranteed by U. S. Government	56,688,206.56
Other Bonds and Stocks	18,073,382.05
Stock in Federal Reserve Bank	900,000.00
Banking House, Improvements, Furniture and Fixtures	3,315,916.55
Customers' Liability, Letters of Credit, Acceptances, etc.	2,180,349.44
Accrued Interest Receivable	1,691,052.69
Other Resources	3,439.28
	\$590,451,300.77

LIABILITIES

Capital Stock	\$ 14,000,000.00	
Surplus	16,000,000.00	
Undivided Profits	8,271,885.92	
Total Capital Accounts		38,271,885.92
Dividend Declared		350,000.00
Reserve for Taxes, Interest, etc.		4,378,422.49
Unearned Discount		996,812.25
Liability, Letters of Credit, Acceptances, etc.		2,216,401.94
Demand Deposits	471,011,388.93	
Time Deposits	59,977,093.17	
U. S. Government Deposits	13,249,296.07	
Total Deposits		544,237,778.17
		\$590,451,300.77





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(CONTINUED FROM PAGE 120)

tions of millions of Americans to the Crusade for Freedom have helped this network expand to its present 21 transmitters, strategically located in West Germany and Portugal, and broadcasting to the Iron Curtain area throughout the day and night.

Using known and respected exiles from Central and Eastern Europe—editors, economists, teachers, entertainers, clergymen, statesmen—Radio Free Europe has built up a large audience by naming the names and addresses of Red spies and police informers behind the Iron Curtain; by giving the facts that are needed by those who wish to know the truth; by exposing communist machinations and Kremlin trickery; by explaining what lies behind the Kremlin's statements; and by warning collaborators who terrorize the people.

Letters Through the Curtain

Evidence of its effectiveness can be seen in letters mailed or smuggled through the Iron Curtain; in the statements of refugees from communism who arrive in the free world; and in the vitriolic attacks the Kremlin launches against both Radio Free Europe and its sponsor, the Crusade.

Advanced and imaginative engineering techniques have consistently foiled communist jamming attempts. Switching from one position on the dial to another, operating on both short and medium-wave, utilizing a mobile transmitter to run Soviet interference ragged, "saturating" specific target areas at certain times daily, have all frustrated the Kremlin's engineers.

The RFE operation, whose efficiency has been hailed by representatives of two major U. S. corporations which have surveyed it, recently received a solid endorsement from the President of the United States, himself a former Crusade for Freedom leader in private life.

Russia runs on the basis that it is easier to fill an empty head than an empty stomach.

The three-dimension movies give you the feeling of going over Niagara in a barrel. Income tax payments give the same effect.

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MANUFACTURERS TRUST COMPANY

Condensed Statement of Condition

December 31, 1953

RESOURCES

Cash and Due from Banks . . .	\$ 882,219,593.02
U. S. Government Securities . . .	833,018,304.74
U. S. Government Insured F. H. A. Mortgages	81,410,689.37
State, Municipal and Public Securities	135,850,386.05
Stock of Federal Reserve Bank . .	4,511,700.00
Other Securities	28,084,495.54
Loans, Bills Purchased and Bankers' Acceptances	917,612,832.12
Mortgages	11,434,348.73
Banking Houses	14,918,335.67
Customers' Liability for Acceptances	13,537,850.23
Accrued Interest and Other Resources	7,484,154.94
	<u>\$2,933,112,690.41</u>

LIABILITIES

Capital	\$ 50,390,000.00
Surplus	100,000,000.00
Undivided Profits	29,279,761.30
	<u>\$ 179,669,761.30</u>
Reserves for Taxes, Unearned Discount, Interest, etc. .	21,903,581.72
Dividend Payable January 15, 1954	1,889,625.00
Outstanding Acceptances	13,985,931.63
Liability as Endorser on Acceptances and Foreign Bills	14,629,344.74
Other Liabilities	1,635,731.97
Deposits	<u>2,699,398,711.05</u>
	<u>\$2,933,112,690.41</u>

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Invest in America

ELIOT H. SHARP

MR. SHARP is editor of *Investment Dealers' Digest*, which, in 1949, suggested an observance which came to be known as *Invest in America Week*.

WHEN Spain's Queen Isabella agreed to finance Christopher Columbus in his voyage across the Atlantic Ocean, she was making the first investment ever made in America. True, she didn't realize she was making an investment in America. She thought her stake was on India. But the fact remains that she—and Columbus, too—were actually investing in America—she with cash and he with imagination, energy, industry, and courage.

In much the same way, tens of millions of us are making our own investments in America. And, like Isabella and Christopher, many of us are not fully aware of the fact.

Depositors May Be Unaware

Probably no poll of bank depositors has ever been made to ascertain what their impression is of what becomes of the money they deposit. It would seem a reasonable guess, however, that a substantial proportion of bank depositors fail to realize or—if they realize it—fail to give heed to the fact that their deposits represent an investment by them in America—in the projects of its national, state, and local governments as well as in its industries. Too, it seems likely that many insurance policyholders do not fully appreciate the fact that their premiums are re-invested in American public and private enterprises.

With these suppositions in mind, the editors of the *Investment Dealers' Digest*—professional newsweekly magazine—back in 1949 suggested dramatizing the meaning of "investments in America" by establishment of Invest in America Week. The editors believed that such a week was more deserving of national attention than some of the other weeks extensively publicized—National Letter Writing Week, Apple Week,

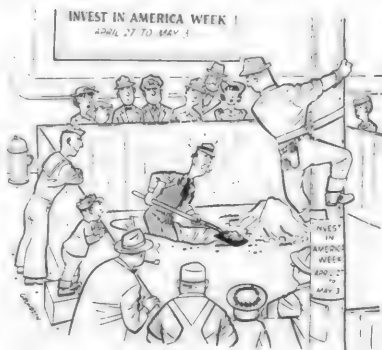
Be Kind to Your Grandmother Week, and such.

Here are excerpts from the editorial that touched off the idea which this year promises to be observed on a national basis.

"The establishment of an 'Invest in America Week' would focus attention on just what the economic system, under which we enjoy our high living standards, is all about. Such a week would be devoted to telling—in advertising, in news stories and feature articles, in the press, the magazines and over radio and television—just how this country has been built to its present eminence, just how the faith of millions of investors has made possible the nation's unparalleled industrial plant. It would tell of how American savers had also helped build our municipal plant, of how they have helped finance the nation itself.

"It would be a gigantic undertaking to stage an 'Invest in America Week' effectively. It would require all the imagination and energy of the associations representative of finance, the stock exchanges, of financial editors, reporters, and ad-

This is one of the cartoons used to publicize Invest in America Week. Its theme is that "In America (Almost) Everybody Is a Capitalist." Accompanying copy points out that "It takes a lot of capitalists (including the guy with the shovel) to keep a dynamic economy like ours going. Fortunately most Americans like being capitalists"



vertising agencies, and of our good neighbors across the border who are so much a part of America. But it should likewise fire such imaginations and energies.

"To all those who give thanks that they are Americans, and that investments have been made in America, to all those who realize that only by continuing to Invest in America can America remain great, we would dedicate this week. We shall do what we can to foster it. But its real impress can be made only with the cooperation of all those who believe that it is important to—Invest in America."

5 Years' Events

In the intervening five years, here are a few of the things which have happened.

The Philadelphia-Baltimore Stock Exchange had scheduled for the fall of 1949 a series of "Women's Forums on Investing." Under the guidance of its executive vice-president, Alexander Biddle, it adopted for these forums the slogan, "Invest in America." Out of the forums there developed a 1950 series, also using the "Invest in America" slogan; and in October of 1951 an Invest in America Week was staged adopting the Los Angeles pattern. The exchange accomplished these programs with the cooperation of the Chamber of Commerce of Greater Philadelphia and of leading business and professional groups in the city.

The Detroit Stock Exchange, in cooperation with the Detroit Chamber of Commerce, inaugurated a series of Invest in America forums in the winter of 1950. In the fall of 1951 it staged an Invest in America Week at the same time as Philadelphia.

The Los Angeles Stock Exchange, in cooperation with the Los Angeles Chamber of Commerce, staged the first comprehensive Invest in America Week from April 1 to 7, 1951. So successful were the plans of Los Angeles that spontaneously the movement spread to other communi-



Secretary Sinclair Weeks

ties in southern California. Observances of increasing importance and scope were held by Los Angeles and other southern California communities in April 1952 and April 1953.

In the spring of 1953 Philadelphia, Southern California, and the Southwest joined in celebrating Invest in America Week simultaneously.

In each locality the program for the week followed much the same general lines—with the investment and business communities cooperating as spearheads. In the interests of avoiding any aspect of "share-pushing," the business community usually was given more prominence than the investment community. In Philadelphia, many bankers gave their active support to the week. Stanley W. Cousley, then chairman of the Fidelity-Philadelphia Trust Co., was general chairman in 1951. Frederic A. Potts, president of the Philadelphia National Bank, was chairman of one of the "Days" during the "Week."

The superintendents of schools cooperated heartily in both Philadelphia and Los Angeles. Speakers addressed the school children; poster contests based on the Invest in America theme were conducted. A high spot of the Philadelphia week in 1953 was a dinner attended by well over 1,000, at which Commerce Secretary Sinclair Weeks was the principal speaker. In Los Angeles the moving picture, television, and radio communities were especially active.

Philadelphia has prepared an elaborate kit containing many exhibits of literature used in promoting the

(CONTINUED ON PAGE 160)

Guaranty Trust Company of New York

140 BROADWAY
FIFTH AVE. AT 44th ST. MADISON AVE. AT 60th ST. LONDON † PARIS
40 ROCKEFELLER PLAZA BRUSSELS

Condensed Statement of Condition, December 31, 1953

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	\$ 678,498,137.81	
U. S. Government Obligations	742,993,429.92	
Loans and Bills Purchased	1,405,297,410.79	
Public Securities	\$36,891,804.20	
Stock of Federal Reserve Bank	9,000,000.00	
Other Securities and Obligations	55,073,544.41	
Credits Granted on Acceptances	16,848,254.10	
Accrued Interest and Accounts Receivable	14,263,824.36	
Real Estate Bonds and Mortgages	5,504,281.12	137,581,708.19
Bank Premises		8,228,033.93
Total Resources		\$2,972,598,720.64

LIABILITIES

Capital	\$100,000,000.00	
Surplus Fund	200,000,000.00	
Undivided Profits	90,884,015.32	
Total Capital Funds		\$ 390,884,015.32
Deposits		2,520,952,092.61
Foreign Funds Borrowed		1,050,000.00
Acceptances	\$ 21,057,238.34	
Less: Own Acceptances Held for Investment	2,426,362.55	
	\$ 18,630,875.79	
Dividend Payable January 15, 1954:		
Regular	3,750,000.00	
Extra	2,500,000.00	
Items in Transit with Foreign Branches	555,355.42	
Reserve for Expenses and Taxes	23,713,552.38	
Other Liabilities	10,562,829.12	59,712,612.71
Total Liabilities		\$2,972,598,720.64

Securities carried at \$143,178,545.18 in the above statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes

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Member Federal Deposit Insurance Corporation

Averaging Income to End Tax Inequities

J. S. SEIDMAN

MR. SEIDMAN, a member of the firm of Seidman & Seidman, certified public accountants in New York City, is chairman of the tax committee of the American Institute of Accountants.

THE income tax setup is such that two people making the same amount of money over the same period of time may have to shell out widely different amounts of tax. Maybe that wouldn't be so disturbing if it weren't for the fact that the fellow who is soaked is the one for whom we would expect leniency.

The farmer who runs the risk of the fortunes or devastations of weather; the businessman who must gamble on the ups and downs of economic conditions; the group—like the child prodigy, the baseball star, the actress—that has a few good years surrounded by a span of barren years; or anyone else with a fluctuating income, a good example of which is the professional man—all these take it on the chin, while the fellow who plays it safe and basks in the comfort of a steady income laughs up his tax sleeve.

This comes about because income taxes are figured on a year-to-year basis, and are determined by mounting rate brackets. The steady earner comes out swell under this arrangement because he is in about the same bracket each year. However, in a risk-taking activity the earnings can be fat in one year and lean in other years. The tax brackets run up in the fat years, without any relief for the fact that there were lean years.

A bit of arithmetic will illustrate the point. Suppose a proprietor (unmarried) has struggled for six years trying to develop his product, with

no luck. He does not make a dollar in all this period. Finally, in the seventh year, it clicks. He earns in that year \$210,000. Of this, he has to fork-over \$170,000 in income taxes, leaving him with \$40,000 for the seven-year hitch.

Now, let's take the case of John Q. Executive, who has made the same \$210,000 in the same seven-year period, but he has made it by a salary of \$30,000 a year. His tax is \$14,700 a year, or \$103,000 for the seven years. That leaves him with \$107,000 for the seven years, whereas our proprietor friend was left with only \$40,000.

The Risker Pays

In other words, the proprietor by venturing and risking has come off \$67,000 behind the eight-ball compared with the executive who has played it safe and relied on a steady income from year to year.

Obviously, there is something to be corrected here. If there is to be any tax favorite, it should be the venturesome spirit, the risk-taker, the creative fellow, who should get the accolade, and not the person who is playing it safe. At the very least, no penalty should be imposed on the individual with spunk who is ready to brave the ups and downs and their uncertain rewards.

Identifying the "Heavies"

The two "heavies" in this drama have already been identified. One is the climbing rate brackets. The other is the calculation of the tax on a year-to-year basis. Rate brackets are here to stay. At least, it is not conceivable that in this sophisticated day and age everybody—rich and poor—will pay the same income tax rate. The thing that must "give" therefore is the year-by-year calculation.

An honest-to-goodness averaging of income, rather than a particular year's income, immediately suggests

itself. In theory, that should do the trick. In practice, there are all sorts of bugs about true averaging. To begin with, there are many types of averaging. If the income of any year is figured as the average income for a fixed number of years, then paying on average income is delightful when it reduces the tax. However, it becomes distasteful when it works the other way around.

For example, suppose last year's income was \$10 and this year's income is \$4. We don't mind paying this year on \$4 but we balk at paying on \$7, which is the average of the two years. To make it even worse, if we had no income this year, we surely would be unhappy having to pay a tax on \$5 income, which would be the average for the two years.

Another type of averaging requires a recomputation of the tax for each year in the averaging period. This produces headaches galore. Elaborate rate tables become necessary. A change in tax rates along the road brings on complications in computing the tax. Yet to freeze income brackets forever is hardly consonant with our dynamic, changing social and economic picture.

Furthermore, in that type of averaging arrangement, substantial refunds have to be shelled out by the Government for back years in periods of low income. That can raise the devil with the nation's finances.

Does that mean averaging is "out"? Not at all. The practical American mind can generally come up with a solution that bends pure theory a bit, to make way for something simple, flexible, and equitable. In that spirit, here's a program that should do the trick:

(1) If the income for the current year is lower than the average income for the preceding six years, figure the tax on the income for the current year, just as is now done.

(2) If the income for the current year is greater than the average income for the preceding six years, figure the tax on the basis of the average income for all seven years.

(3) Figure the tax with the use of the current rates only, and in this way: Seven times the tax on the average income for the seven-year period, less six times the tax

(CONTINUED ON PAGE 128)



MICHIGAN NATIONAL BANK

BATTLE CREEK

FLINT

GRAND RAPIDS

LANSING

MARSHALL

PORT HURON

SAGINAW

STATEMENT OF CONDITION

December 31, 1953

RESOURCES

Cash and Due from Banks.....	\$ 52,240,413.02	
U. S. Government Securities.....	121,657,413.22	
U. S. Guaranteed Loans.....	40,042,047.84	\$213,939,874.08
Loans—Other.....		120,613,627.03
Bank and Office Buildings.....		4,172,565.40
Federal Reserve Bank Stock.....		330,000.00
Accrued Income.....		660,294.34
Other Assets.....		1,022,087.63
Total Resources.....		<u>\$340,738,448.48</u>

LIABILITIES

Commercial Deposits.....	\$179,120,842.96	
Savings Deposits.....	135,137,755.55	\$314,258,598.51
Other Liabilities.....		2,899,857.16
Deferred Income.....		7,416,929.33
Preferred Stock.....	\$ 1,000,000.00	
Common Stock.....	5,000,000.00	
Surplus.....	5,000,000.00	
Profits and Reserves.....	5,163,063.48	16,163,063.48
Total Liabilities.....		<u>\$340,738,448.48</u>

"OPEN EACH WEEKDAY INCLUDING SATURDAY UNTIL 4:30 P.M."

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Federal Reserve System
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(CONTINUED FROM PAGE 126)

on the average income for the six-year period.

An example will give this clarifying and attractive flesh. Suppose our proprietor friend has hit it well in 1953 and has an income of \$150,000. Suppose also that in the preceding six years his income averaged only \$10,000 a year. The seven-year average is \$30,000 (since he made a total of \$210,000 in seven years). The tax for 1953 would all be figured by reference to the 1953 rates as follows:

Tax for 7 years:	
\$30,000 per year =	\$14,700
x 7, or	\$103,000
Less tax for preceding 6 years:	
\$10,000 per year =	\$3,000
x 6, or	18,000

Tax for 1953 \$ 85,000

Today on \$150,000 income, the tax is \$115,000. In other words, under the proposed program the tax would be reduced \$30,000.

There are many attractive features about this plan. The \$30,000 reduction gives perspective to the "killing" in 1953, by blending it with the six leaner years before them. To

be sure, it does not go all the way required by a true averaging, but, as we have already seen, going all the way involves many headaches.

The plan outlined alkalizes those headaches. There is no refiguring to do for prior years; no need for special rate tables or a mass of rate tables; and no freezing of income brackets. There is no tax to pay when there is no income, and there is no refund for prior years. Relief and incentive are given to rising income without penalty to falling income.

Many technical things do come up under this arrangement. All of them can be easily, adequately dealt with.

What effect will the averaging plan have on the Government's revenue? If we assume what should not be assumed—that everything will be the same after this significant tax change as before—then, of course, there will be a decline in revenue. The fellow with fluctuating income will pay less in his better-than-average years than he has done before. This would have to be made up by an increase in the tax rates, which is as it should be.

At present, the fellow who has been playing it safe, through a steady income, has been riding the back of the fellow with the fluctuating income. The fellow playing it close to the vest has earned the benefit of lower rates because the people with fluctuating incomes have been the fall guys and have paid a higher tax than they should. The proposed averaging plan, plus increase in tax rates, would put everybody on a par.

However, all this assumes a static economy. Actually, ours is a mighty dynamic one. A tax change that eliminates the penalty on risk-taking; or fluctuating income can be counted on to release energy and initiative that will develop more income and revenue than ever before. It may therefore be possible, as a result of this program of averaging, for the Government to wind up with more "take" and at the same time reduce tax rates rather than increase them.

Be that as it may, the important thing is that it is not wise or fair to make a fellow with fluctuating income pay more than a person with evenly spaced income. The plan here outlined corrects most of that inequity, and does it in a simple, practical way.

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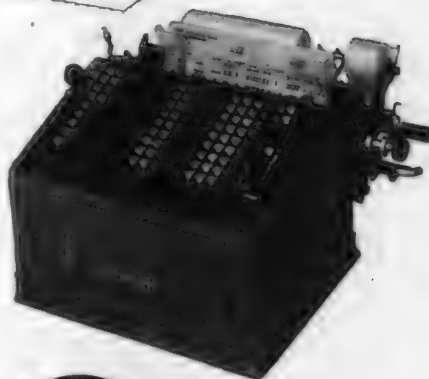
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The most widely accepted bank bookkeeping machine in U. S. banks today is Burroughs. There are many reasons why this is so . . . the most important is that the advanced features engineered into this fine bookkeeping tool were desired *by bankers* across America.

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Equipment, Bank Systems
Material

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Washington

(CONTINUED FROM PAGE 41)

Second, Mr. Truman perhaps proposed a deeper Federal involvement for each single objective than is proposed by Mr. Eisenhower. Thus, the new President would not propose compulsory nationwide health insurance financed by payroll deductions, as did his predecessor. Instead he proposes re-insurance of non-profit health insurance at a cost not estimated and on a financing basis not revealed initially.

Fiscal Impact Difficult to Guess

It will be a long time, if ever, before it will be possible to estimate the ultimate impact upon Federal expenditures of the President's considerable repertoire of programs. This cannot be done until these proposals are crystalized into concrete legislation and committees of Congress have questioned officials in hearings as to just what they propose to spend for what, and when.

However, any such broad program points inexorably toward a future of higher taxes or continued unbalanced budgets.

Even if it were possible to imagine that Congress would enact each Eisenhower welfare proposal into law in the present session, it still would be perhaps a few years before spending would develop under them in heavy volume.

This is because for the most part these are either brand new programs or such liberalizations and extensions of existing programs as, in effect, to be new. With social welfare programs the history has usually been that they start slowly during their first few years and develop momentum as the years go by.

Key to Thinking Is Depression Antidote

The President's State of the Union message implies a considerably greater preoccupation with the contingency of a serious business setback than is held by his advisers outside the inner White House circle. Such advisers as Secretary Humphrey and Commerce Secretary Weeks have expressed confidence there will be no depression.

The President emphasized that "a serious interruption to economic

growth" is something that he would not leave to chance, and in his message hinted plans for sharp tax reduction, public works, and other things that would be pushed in the event of a business setback.

The entire proliferation of housing and welfare programs, however, is something which obviously would find a greater attraction from Congress should the national legislature itself come to panic about the possibility of a depression.

What Will Pass

On some of his proposals, such as aid to school and hospital building, amorphous blocs of "liberal" Democrats and Republicans may emerge to pass specific programs. On others, such as health reinsurance and a vast liberalization and extension of Government intervention in housing, there may develop something of the old Democrat-Republican conservative coalition to stop these projects.

In any case the legislative menu submitted by the President—good, bad, or indifferent—is too large a range for handling within the time permitted to one session. Many important pieces of the program will fail to pass, many others will be delayed until the next Congress.

There will be an unusually large element of pure accident in what does and does not pass Congress this year.

HLBB Proposes New Branching Policy

It is expected that the Home Loan Bank Board will soon hear publicly complaints about its new policy respecting approval of branches of Federal savings and loan associations.

Heretofore the HLBB gave the broadest interpretation to its authority to approve branches of S & L's, even permitting branches across state lines.

Under the new policy the board will follow the same laws or practices in any state followed by state officials respecting any type of institution of thrift or home financing within that state. This would give HLBB the right to follow the practice regarding branches of state-chartered building and loan associations, mutual savings banks, or commercial banks, or whichever of these three types of institution had the most liberal branching policy.

There is another feature of the new policy which is controversial, however. This is that for the purpose of determining "state practice" respecting branches, group, chain, or affiliated banking shall be regarded as branch banking.

SBA Gets Deputy Administrator

William N. Engles, formerly RFC examiner in charge of administration of all loans for business engaged in essential civilian and defense work, has been made Deputy Administrator for loans for the Small Business Administration. Carl M. Flora, vice-president of the First Wisconsin National Bank of Milwaukee, has ended his temporary tour of duty as a consultant to the SBA.

SBA also has amended its loan policy rules to permit a borrower to refinance an RFC loan through the new agency, to handle a case where a borrower needs additional funds.

Panel on Banking Committee

Complete recasting and "modernization" of the Federal Government's housing aids is just one of the potent subjects which comes before the Senate Banking Committee.

Like its House counterpart, the Senate Banking Committee is one of the three most powerful legislative committees of Congress. Banking committees handle not merely housing but all matters relating to banking, coinage, Federal Reserve legislation, the Federal Deposit Insurance Corporation, the issuance

and redemption of money. In times of emergency they handle price, wage, and rent controls. Also they write legislation for the regulation of strategic materials. The Senate Committee also legislates for the Securities and Exchange Commission.

Only two other classes of committees are as powerful. They are those in the House and Senate dealing with taxes (The Senate Finance Committee and the House Ways and Means Committee) and two Appropriations committees.

As the Senate Banking Committee meets, it is starting a new phase of its hearings on the problem of seeking devices to finance a maximum of the exports of the United States. Chairman Homer E. Capehart (R. Ind.), together with Senator John Bricker (R., Ohio), Senator J. Allen Frear (D., Del.) and Representative Brent Spence (D., Ky.) of the House committee, together with members of the staffs of the two Banking committees, have just completed a 6-week tour of every South American country and a few Central American Republics.

They were seeking to learn piece by piece, commodity by commodity, country by country, what might be done to open up the raw materials treasures of those countries to U. S. industry and the consumer markets of those lands to the purchase of U. S. factory and farm commodities.

One of the earliest problems the committee will have to handle will be housing.

"Did daddy butter up the boss yet. Did I miss it?"



Nick Froom

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RFC

(CONTINUED FROM PAGE 50)

gram, expressed it, "Like the commercial bank job in the War Bond drives, this cooperative effort with the RFC should be motivated by patriotic interest in the national welfare and enlightened self-interest."

It is estimated that by turning over a substantial part of its presently outstanding business loans, numbering approximately 4,000, the RFC will save the Government in administrative and servicing costs as

much as \$15,000,000 during the next six years.

The over-all plan can be compared somewhat with the general pattern under which the RFC, for many years, granted participation to commercial banks in many of the business loans which were made. However, under the present program, the bank's participating share will represent the major portion of the unpaid balance of the loans purchased. The risk will be spread considerably, since the 4,000 loans represent diversified borrowers in every state of the Union.

In operation it is contemplated the plan will work in this manner: Banks will be offered an individual interest in the entire group of outstanding loans purchased. It is expected that the Federal Reserve banks will act as fiscal agents and custodians for the RFC and issue a participating certificate to each of the banks cooperating in the program representing its respective interest in the loans.

Interest Pays Costs

Costs and expenses of the collecting banks and fiscal agents, and interest computed at the same rate on the banks' and the RFC's participating share, will be paid from interest collected. In the beginning, all principal collections will be applied as a reduction of the amount of the participating banks' portion of the loans purchased. When this portion of the loans has been reduced to a point where it more closely approaches the amount of the RFC's participation, the Government will share in the principal payments. There will be a reserve provision for loss in collection.

The fiscal agent will report periodically to each participating bank on the current status of loans in the portfolio.

The loans will be held under a fiscal agency agreement for the participants' account in accordance with the agreement. The banks will rely on the loans without recourse to the RFC.

Attention is being given currently to many facets of the plan, such as necessary clearance by the Comptroller of the Currency and the state banking commissions.

Since many of the borrowers that will be represented in the package of loans are customers of banks which are potential participants, a special effort will be made by the regional committees to interest such banks in cooperating in the undertaking.

Many of the loans outstanding are not due until the 1960s and later. All of them carry somewhat higher interest rates—averaging about 4½ percent—than the proposed rate of return to the participating banks. In the current money market, the rate which the banking system will be asked to accept on its participating certificates would not normally be attractive. However, in view of the Administration's request and the

(CONTINUED ON PAGE 134)

CHEMICAL BANK & TRUST COMPANY

Founded 1824

165 Broadway, New York

CONDENSED STATEMENT OF CONDITION

At the close of business December 31, 1953

ASSETS

Cash and Due from Banks	\$ 591,062,559.72
U. S. Government Obligations	452,734,761.17
State, Municipal and Public Securities	134,526,520.42
Other Bonds and Investments	5,832,801.03
Loans	773,596,172.16
Banking Houses Owned	1,500,783.49
Customers' Liability on Acceptances	37,111,303.90
Accrued Interest and Accounts Receivable	5,821,952.76
Other Assets	4,450,007.92
	<u>\$2,006,636,862.57</u>

LIABILITIES

Capital Stock	\$27,940,000.00
Surplus	85,000,000.00
Undivided Profits	18,126,174.78
Reserve for Contingencies	5,223,336.51
Reserves for Taxes, Expenses, etc.	10,332,944.37
Dividend Payable January 1, 1954	1,397,000.00
Acceptances Outstanding (Net)	40,439,141.78
Other Liabilities	1,966,373.02
Deposits	1,816,211,892.11
	<u>\$2,006,636,862.57</u>

Securities carried at \$82,542,554.04 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

Charter Member New York Clearing House Association
Member Federal Reserve System
Member Federal Deposit Insurance Corporation



Statement of Condition December 31, 1953

RESOURCES

Cash and Due from Banks	\$ 77,003,420.85
U. S. Government Bonds	99,906,650.87
Other Bonds and Securities	22,642,924.80
Loans and Discounts	92,975,291.59
Loans (Federally Insured or Guaranteed)	40,124,330.98
Bank Buildings	3,347,610.62
Furniture and Fixtures	1,100,517.12
Accrued Interest Receivable	1,471,168.16
Customers' Liability on L/C	1,049,638.43
Other Resources	1,408,591.87
TOTAL RESOURCES	\$341,030,145.29

LIABILITIES

Deposits	\$316,046,509.64
Unearned Discount	4,280,527.65
Letters of Credit	1,049,638.43
Reserve for Taxes, Interest, etc.	1,996,294.36
Other Liabilities	274,657.71
Capital Funds	\$ 5,000,000.00
Surplus	10,000,000.00
Undivided Profits	1,757,517.50
Reserves	625,000.00
TOTAL LIABILITIES	\$341,030,145.29

**VALLEY
NATIONAL
BANK**

Arizona Ranks **FIRST** Nationally in rate of

The Valley National Bank now ranks 70th in size among the nation's 15,000 banks, compared with 126th in 1943 and 557th in 1933.

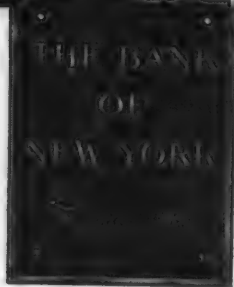
**POPULATION GROWTH
GROWTH OF INCOME
GROWTH OF RETAIL SALES
FARM INCOME GROWTH
MANUFACTURING GROWTH
BANKING GROWTH
(Deposits and Capital)**

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share payable Febru-
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or cash, to shareholders
of record January 4,
1954.



ROBERT W. LADD, Secretary
200 Berkeley Street, Boston

January 4, 1954.

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BANKING'S NEWSLETTER

(CONTINUED FROM PAGE 132)

fact that this move will cut the Gov-
ernment's expenses sharply, it is ex-
pected that banks will readily co-
operate.

J. P. Dreibelbis, vice-president of
the Bankers Trust Company, New
York, has been named chairman of
the voluntary committee of bankers
developing the program with the Ad-
ministration. This joint committee
of American Bankers Association
and Reserve City Bankers Associa-
tion representatives is made up of
the following: Fred F. Florence, pres-
ident of the Republic National Bank,
Dallas, Texas; George S. Moore, ex-
ecutive vice-president, The National
City Bank of New York (alternate,
C. Sterling Bunnell, vice-president,
National City Bank of New York);
R. A. Norris, president of the Lin-
coln National Bank, Washington,
D. C.; Richard A. Aishton, vice-pres-
ident, Continental Illinois National
Bank and Trust Company, Chicago;
and Frank L. King, president of the
California Bank, Los Angeles.

The committee is being assisted by
Walter French, deputy manager,
American Bankers Association,
New York, N. Y.; Barney J. Ghig-
lieri, president of the Citizens Na-
tional Bank, Toluca, Illinois; and
Carroll A. Gunderson, deputy man-
ager, American Bankers Association,
Washington, D. C.

In organizing the effort, the pat-
tern followed in the War Bond under-
taking will be adapted—that is, each
Federal Reserve district will have its
own regional committee.

The point has been emphasized
that there will be no problem loans
included in the package of loans sold.

Most of the loans are well seasoned.
An examination based on certain
designated standards will be made of
the loans purchased and a degree of
selectivity exercised as a result of
this examination, which will be made
under the direction of the voluntary
bankers committee assisted by bank
examiners.

The RFC has made extensive stud-
ies of what it would cost the Govern-
ment to collect its business loans.
The 4 1/2 to 5 percent interest these
loans return to the Government, if
held, will be considerably less than
the collection costs of the Govern-
ment. Bankers presently service and
collect on similar business loans in
their communities, and can handle
this additional servicing at a nominal
extra expense.

Under mandate from Congress to
liquidate and wind up its affairs as
expeditiously as possible, the RFC
is seen in this workable plan as hav-
ing taken a major step toward suc-
cessfully concluding its liquidation
program.

The role of the banking system in
this constructive development is both
natural and logical, since it recog-
nizes that this is a sound method of
reducing the Government's activities
and sharply cutting Government ex-
penses.

It is another occasion that will
demonstrate the efficiency of the
banking machinery operating as an
organized unit. Another such occa-
sion was when the Treasury turned
to the banks for aid in the sale of
War Bonds, just as their helpfulness
is regularly evidenced in their as-
sistance in the course of ordinary
financing operations of the U. S.
Government.



"Good morning, Miss Ames—beautiful morning, isn't it?!"

Housing

(CONTINUED FROM PAGE 43)

maximum of \$7,600 to \$8,600 (depending on local building costs) on new and existing housing for families of low income as designated by the FHA Commissioner. This program is experimental, and aimed primarily to assist families displaced by the enforcement of occupancy standards or demolition of slum buildings.

"Urban Renewal"

The most featured part of the recommended program is that dealing with urban renewal. This is a modification of the present program for making loans and grants to cities to assist in the assembly and redevelopment of land in deteriorated areas. The modification consists in (1) a strict requirement, as a prerequisite to Federal aid, that cities show performance in the maintenance of health, safety, and occupancy standards, (2) a broadening of the use of aid funds to cover expenditures for planned improvements (parks, playgrounds, rearranged streets, utilities, etc.) in any designated renewal area (which may be an actual slum or any older district threatened with deterioration).

Save your pennies and the sales tax will take care of them.

Two can live as cheaply as one and, with taxes where they are, often do.

A fool and his money are invited places.

An ignoramus knows how the world should be run, but it takes a wise man to run his own business.

Home is the place where the great are small and the small are great.

Don't try to get something for nothing and then complain about the quality.

Wisdom acts quickly after thinking for a long time.

The idea is to conserve the use of public funds by making the fullest possible use of existing structures and by putting emphasis on improving environment through sound planning measures short of the complete demolition and complete rebuilding which has been characteristic of the extravagant program instituted in the Housing Act of 1949. The present program, despite its lavish subsidies for writing down the value of cleared land, has not proven particularly alluring to investment capital. The proposed plan would avoid the unnecessary de-

struction of existing investment and, by stressing gradualism and smaller projects, aim to encourage the more normal types of real estate enterprise.

The tentative continuance of the public housing program, as suggested by the Advisory Committee, has as its main object the relief of hardship conditions resulting from the enactment and enforcement of local health, safety, and occupancy laws and from the removal of existing structures in the wake of land assembly for redevelopment and

(CONTINUED ON PAGE 137)

Canadian Pacific Express

Travellers Cheques in U. S. Dollars



The Canadian Pacific Express Company issues United States Dollar Travellers Cheques and Money Orders payable in United States dollars.

Redeemable at par by
The National City Bank of New York,
New York



WASHINGTON

at your

SERVICE

Count on us to handle your correspondent needs in the Nation's Capital,

63 Years Banking & Trust Experience

American Security & TRUST COMPANY

Daniel W. Bell, President

15th St. & Pennsylvania Ave., N. W.

Washington, D. C.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION MEMBER FEDERAL RESERVE SYSTEM

Society for Savings

IN THE CITY OF CLEVELAND

Founded 1849

TRUSTEES

Warren Bicknell, Jr.
President, The Cleveland Construction Company

Robert F. Black
President, The White Motor Company

Charles B. Bolton
President, Payne-Bingham Company

Harold T. Clark
Attorney

Frank M. Cobb
Director,
The Cleveland Electric Illuminating Company

T. J. Conway
President, The Fisher Brothers Company

Frederick C. Crawford
Chairman of the Board, Thompson Products, Inc.

Ernest C. Dempsey
Attorney, Squire, Sanders & Dempsey

Randolph Eide
Director,
The Ohio Bell Telephone Company

Mervin B. France
President

Frank C. Lewman
Chairman of the Board,
The Richman Brothers Company

James L. Myers
Chairman of the Board and President,
Clevite Corporation

Laurence H. Norton
Director, The Columbia Transportation Company

Drake T. Perry
Secretary, The Harshaw Chemical Company

Ralph S. Schmitt
Vice President and Secretary,
The Cleveland Twist Drill Company

Henry S. Sherman
Chairman of the Board

Clarence M. Taylor
Executive Director, The Cleveland Clinic Foundation

Herman L. Vail
Attorney, Sayre, Vail & Steele

John S. Wilbur
Vice President, The Cleveland-Cliffs Iron Company

Arthur P. Williamson
President, The Dill Manufacturing Company

STATEMENT OF CONDITION

December 31, 1953

RESOURCES

Cash on Hand and Due from Banks	\$ 22,576,468.84
United States Government Obligations.	82,462,248.21
(Including \$15,600,000.00 as Lawful Reserve)	
Other Investments	28,486,000.27
First Mortgage Loans on Real Estate	113,576,080.40
Other Loans and Discounts.	44,320,070.55
Bank Premises.	1,191,567.40
Interest Accrued and Other Assets.	1,130,430.50
Total	\$ 293,742,866.17

LIABILITIES

Surplus.	\$ 17,000,000.00
Reserve for Contingencies	725,907.51
Reserve for Taxes and Expenses	940,423.62
Savings Deposits	255,785,064.44
Other Deposits	15,629,805.16
Deferred Credits and Other Liabilities	3,661,665.44
Total	\$ 293,742,866.17

United States Government Obligations carried at \$13,745,000.00 are pledged to secure Public Deposits as required or permitted by law.



NOW AT 2 CONVENIENT LOCATIONS

MAIN OFFICE 127 PUBLIC SQUARE

SOUTH EUCLID BRANCH 4461 MAYFIELD ROAD

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 135)
public works. Important departures from present public housing practices are: (1) The same requirements for local enforcement action as are stipulated as prerequisites for urban renewal grants, and (2) the recommendation to acquire and renovate existing structures for public housing purposes wherever possible in lieu of building new ones.

Improving Administration

The proposals for the organization of the housing agencies have one very obvious improvement over the present hodge podge of activities in the HHFA. All direct administrative responsibility would be taken from the Administrator and redistributed in the constituent agencies or removed entirely from HHFA jurisdiction. In order to accomplish this, two new constituents, an Urban Renewal Administration (replacing the present Division of Slum Clearance and Urban Redevelopment) and an agency handling all real estate liquidation, would be created. Some functions, like loans for college housing and emergency school construction, would be transferred to the Department of Health, Education and Welfare or elsewhere in the Federal establishment.

The recommended arrangement would leave the Administrator with policy making and supervision functions only. In some respects his authority over the FHA, Home Loan Board, and other constituents would be increased. At the same time, by being included in an official advisory board, the heads of the constituents would be enabled to take part in the policy making process; and they are intended to retain their individual responsibility for day-to-day operations. The proposal, although a step toward greater centralization, thus falls short of complete transfer of

legislative authority to the HHFA Administrator.

The Prospect

The substance of the Advisory Committee's proposals appears to have been accepted by Administration leaders in both the executive and legislative branches. However, the exact content of the official program will not be known until legislation, now being prepared, is introduced, probably around the end of January.

Ample opportunity for discussion during public hearings has been

promised by Senator Capehart, chairman of the Senate Banking and Currency Committee. Controversy seems likely to be centered on proposals for a secondary market facility, the new FHA measure for low-income families, and, as usual, public housing.

Space has permitted review of only the main features of the recommended program. The complete document, which should be carefully studied by all concerned with mortgage financing, may be obtained (price \$1) from the Superintendent of Documents, Washington 25, D. C.

The FIFTH THIRD UNION TRUST co.

CINCINNATI, OHIO

Statement as of December 31, 1953

RESOURCES

Cash and Due from Banks.....	\$ 96,018,223.98
United States Bonds.....	113,634,788.13
State and Municipal Bonds.....	12,327,032.32
Other Bonds and Securities.....	4,893,503.36
Loans and Discounts.....	98,598,253.24
Banking Premises Occupied.....	3,854,247.68
Customers' Liability under Acceptances.....	90,750.41
Income Accrued Receivable and Prepaid Expense.....	1,014,588.76
Other Resources	296,381.09
TOTAL.....	\$330,727,768.97

LIABILITIES

Capital Stock	\$ 8,000,000.00
Surplus	12,500,000.00
Undivided Profits	1,562,130.18
TOTAL CAPITAL FUNDS.....	\$ 22,062,130.18
Reserve for Dividends, Interest, Taxes, etc.....	3,000,273.17
Liability under Acceptances.....	90,750.41
DEPOSITS:	
*Commercial, Bank and Savings.....	298,997,243.37
U. S. Government.....	6,519,690.82
Other Liabilities	57,681.02
TOTAL.....	\$330,727,768.97

*Includes \$3,922,057.70 of Trust Money on deposit in the Banking Department, which under the provisions of the Banking Law of the State of Ohio, Section 710-165, is a Preferred Claim against the Assets of the Bank.

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POWELL CROSLLEY, JR.
President, The Cincinnati Baseball Club Co.
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President, Emery Industries, Inc.
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Partner, Harrison & Co.
JOHN B. HOLLISTER
Taft, Stettinius & Hollister, Attorneys
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President, The Williamson Heater Co.
WILLIAM H. MOONEY

EDWARD W. NIPPERT
Vice President and Trust Officer
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President, The Formica Company
GEORGE A. RENTSCHLER
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JOHN J. ROWE
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President, The Cincinnati Equitable Insurance Co.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION—MEMBER FEDERAL RESERVE SYSTEM

What most countries ask of the United States is to be left a loan.

An educator says children have changed very little in the last generation. Well, that's one reason for worrying about them.

A \$2 bill is not only unlucky, but it won't buy much either.

News for Trustmen

(CONTINUED FROM PAGE 118)

inter vivos where the trust property greatly exceeds the testamentary estate, they will take a principal commission at the death of the settlor if they are in effect settling his estate. Four of them will charge an additional principal commission as executor and as trustee if the settlement of the estate involves a business interest or a substantial holding of close corporation stock

and where there is sale or liquidation, or continuation of management by the trustees. Two of the trust departments make an additional charge as executor if there is substantial jointly held property contributed to by the testator and which involves additional Federal estate tax work, etc. Six have an additional charge if real estate is held in an estate, and four if it is held in a

trust. One charges extra for mortgages held in an estate, and three charge extra for mortgages held in trust. Two have a minimum executor's principal commission, and five a minimum annual trustee's commission. . . .

"We are not professionals (or else we could not advertise), and we do not have clients (they are customers), and we are not entitled to fees but rather to compensation. Only two of the 11 trust departments reporting avoid the use of the word fee, and my company is not one of them. I realize that it is very difficult to prepare a commission booklet or a compensation agreement without somewhere in it using the word fee, but since we have four perfectly good synonyms—commissions, compensation, charges, rates—it seems to me very advisable that we gradually abandon the use of the word fee for the more appropriate synonyms."

Estate Planning Primer

THE estate planning division of the City Bank Farmers Trust Company of New York recently distributed to its estate planning prospect list an attractive and simply written *Primer Upon the Prevention of Loss*.

The foreword leads off with a statement pointing up the needless tragedy that often results from inept estate planning. "The point is," states the bank, "that planning is essential to the prevention of ultimate loss. This booklet has been prepared to outline some of the things you should do in order to assure that the maximum amounts possible will be transferred to your dependents and chosen beneficiaries. It's a subject that deserves your thoughtful consideration."

Perhaps the most useful feature of the *Primer* is a chart insert showing "How the City Bank Farmers Trust Company Takes Care of an Estate as an Executor." It shows, in diagram form, the step-by-step procedure followed in settling an estate.

Subject matter is presented under these heads: "Just what is an estate?"; "Get qualified advice—then: plan your will"; "Be sure to consult an attorney"; "The important role of executor"; "The disadvantage of an individual executor"; "The unique qualifications of City Bank Farmers Trust"; and "Assure your peace of mind."

CONDENSED

Statement of Condition

AT CLOSE OF BUSINESS DECEMBER 31, 1953

DIRECTORS

HERBERT D. IVEY
Chairman of the Board

ROY A. BRITT
President

CARL E. BAKER
MILO W. BEKINS
W. J. BOYLE
WALTER H. BUTLER
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EARLE M. JORGENSEN
RUDOLPH A. PETERSON
SAMUEL K. RINDGE
WILLIAM S. ROSECRANS
W. A. SIMPSON
KENNETH B. WILSON

RESOURCES

Cash and Due from Banks	\$108,944,028.39
United States Government Securities	166,404,478.27
State, County and Municipal Bonds	15,245,393.11
Loans and Discounts	122,761,094.20
Federal Reserve Bank Stock	450,000.00
Stock in Commercial Fireproof Building Co.—Head Office Building	348,500.00
Bank Premises, Furniture and Fixtures, and Safe Deposit Vaults (Including Branches)	3,849,059.21
Other Real Estate Owned	22,240.52
Customers' Liability under Letters of Credit and Acceptances	879,134.71
Earned Interest Receivable	1,086,555.71
Other Resources	207,903.75
TOTAL	\$420,198,387.87

LIABILITIES

Capital Stock . . . \$ 5,000,000.00	
Surplus 10,000,000.00	
Undivided Profits . . . 2,965,126.69	\$ 17,965,126.69
Reserves for Interest, Taxes, Contingencies, Etc.	3,441,694.04
Discount Collected—Unearned	1,659,499.24
Letters of Credit and Acceptances	879,134.71
Other Liabilities	1,062,349.42
Deposits	395,190,583.77
TOTAL	\$420,198,387.87

Head Office: Fifth & Spring Streets, Los Angeles

Hill Street Office: 736 So. Hill Street

Subway Terminal Office: 439 So. Hill Street

33 conveniently located Branches throughout Los Angeles

Our 64th Year

Citizens National
TRUST & SAVINGS
Bank
OF LOS ANGELES

MEMBER
FEDERAL RESERVE
SYSTEM

MEMBER
FEDERAL DEPOSIT
INSURANCE
CORPORATION



THE ROYAL BANK OF CANADA

Head Office, Montreal

JAMES MUIR
President

T. H. ATKINSON
General Manager

Condensed Annual Statement as on 30th November, 1953

ASSETS

Cash, checks and balances with other banks	\$ 600,920,111.74
Government and other public securities, not exceeding market value	972,141,264.96
Other securities, not exceeding market value	101,301,756.80
Call loans	149,280,473.79
Other loans and discounts	994,865,750.13
Liabilities of customers under letters of credit	51,213,786.75
Other assets	26,133,044.99
	<u>\$2,895,856,189.16</u>

LIABILITIES

Capital, reserve and undivided profits	\$ 108,299,175.62
Notes in circulation	83,335.04
Deposits	2,734,644,076.93
Letters of credit outstanding	51,213,786.75
Other liabilities	1,615,814.82
	<u>\$2,895,856,189.16</u>

Over 790 Branches

IN CANADA, ARGENTINA, BRAZIL, BRITISH GUIANA, BRITISH HONDURAS,
COLOMBIA, PERÚ, URUGUAY, VENEZUELA, CUBA, HAITI, PUERTO RICO,
DOMINICAN REPUBLIC, BRITISH WEST INDIES. OFFICES IN NEW YORK,
LONDON AND PARIS. CORRESPONDENTS THE WORLD OVER.

London Branches

6 Lothbury, E. C. 2

2 Cockspur S. W. 1

Auxiliary in France

THE ROYAL BANK OF CANADA (FRANCE)

Paris

NEW YORK AGENCY
68 William Street

JOSEPH W. GANANN
WALTER H. SHARPE
Agents

Bankers View the Future

(CONTINUED FROM PAGE 18)

DEBT LENGTHENING

Mellon National Bank and Trust Company, Pittsburgh: RICHARD K. MELLON, chairman; FRANK R. DENTON, vice-chairman.

IF monetary regulation is to become more nearly free to operate only in the interests of the general economic welfare, the volume of deficit financing and the frequency of

refunding operations must be reduced, the latter by a lengthening of the debt.

The Treasury has fully used its opportunities to issue medium-term and long-term securities, but the year's (1953) developments indicate that debt-lengthening may be a relatively slow process. However, if a resolute policy is followed in this direction, important cumulative results may be achieved.

INFLATION CHECKED

Chemical Bank & Trust Company, New York City: N. BAXTER JACKSON, president.

RESTORATION of flexible monetary and credit policies, together with a ban on wasteful Government spending, have arrested the destructive spiral of inflation and have already given moderate relief to the tax-harried citizen.

The long trend toward socialism has been reversed with a curtailment of stringent regulation of business and industry and a change of attitude on the part of Government with respect to its own engagement in business—competing with its own citizens on a tax-free basis.

COURAGE, GOOD JUDGMENT

Trust Company of Georgia, Atlanta: JOHN A. SIBLEY, chairman; MARSHALL B. HALL, president; WILLIAM S. WOODS, president, Trust Company of Georgia Affiliates.

IN the absence of a rigid monetary system based upon the gold standard, it is quite heartening to see our monetary and credit policy managed and controlled with courage and good judgment by the Government authorities.

Americans have more time-saving devices and less time than any other people.

If a girl tells a young man she loves him from the bottom of her heart, she may be saving room at the top for another guy.

It's all right for children to have original ideas, but not in arithmetic.

Nations that live by the sword perish by the pensions.

In the old days a radio set at least had the sense to howl occasionally.

A good husband not only loves his wife when her hair turns gray, but every time it turns any other color.

The First National Bank of Memphis

MEMPHIS, TENNESSEE



STATEMENT OF CONDITION

At Close of Business, December 31, 1953

RESOURCES

Cash and Due from Banks.....	\$ 62,634,537.06
U. S. Government Securities.....	51,412,929.11
State, County and	
Municipal Bonds.....	12,871,728.94
Other Bonds and Securities.....	238,614.25
Stock in Federal Reserve Bank.....	390,000.00
Loans and Discounts.....	88,571,615.15
Cotton Loans Guaranteed by	
Commodity Credit Corp.....	17,473,284.78
Customers' Liability Acc't Letters	
of Credit Executed.....	370,500.00
Bank Premises: Main Office.....	750,000.00
Bank Premises: Branches.....	350,000.00
Accrued Interest Receivable.....	414,852.50
Other Assets.....	87,153.77
Total.....	\$235,565,215.56

LIABILITIES

Capital Stock.....	\$ 4,000,000.00
Surplus.....	9,000,000.00
Undivided Profits.....	1,202,005.89
Reserve for Taxes.....	982,996.09
Unearned Discount.....	1,018,868.45
Dividend Payable Jan. 1, 1954.....	120,000.00
Letters of Credit Executed	
for Customers.....	370,500.00
Deposits.....	218,870,845.13
Total.....	\$235,565,215.56

★ MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION ★

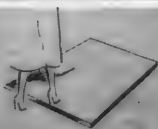
Add "PERSONALITY"

to your bank with

STANLEY Magic Doors



MAGIC EYE (photoelectric) controls utilize a beam of light which, when interrupted by any moving object, automatically sets the door-opening mechanism in operation.



MAGIC CARPET contains low voltage contact unit which is actuated by a person's weight automatically setting the door operator in motion.

From coast to coast the same report—banks find Stanley Magic Doors add personality that pays daily dividends in customer satisfaction and service.

Installed at busy entrances, Stanley Magic Doors create a favorable first impression—distinguish an entrance as nothing else will. And with Magic Doors traffic flows smoothly—rush-hour congestion is eliminated; heating and air-conditioning costs are lowered.

Actuated by either the "Magic Eye" (photoelectric) or "Magic Carpet", Stanley Magic Doors open automatically on approach, stay open until all traffic has safely passed, then close quickly, silently.

In most instances your present doors can be operated by Stanley Magic Door Controls. Write for full information on Stanley Magic Door Controls . . . find out how easily and inexpensively they fit the plans for either new or remodeled buildings . . . how their simple design, rugged construction assure long, trouble-free operation. Mail this coupon.



Multiple door "Magic Carpet" installation at the First Merchants National Bank and Trust Co., Lafayette, Indiana.

STANLEY Magic Door CONTROLS

The Stanley Works, Magic Door Division
3102 Lake St., New Britain, Conn.

Gentlemen: () Please send full information on Stanley Magic Door Controls.
() Have your representative call.

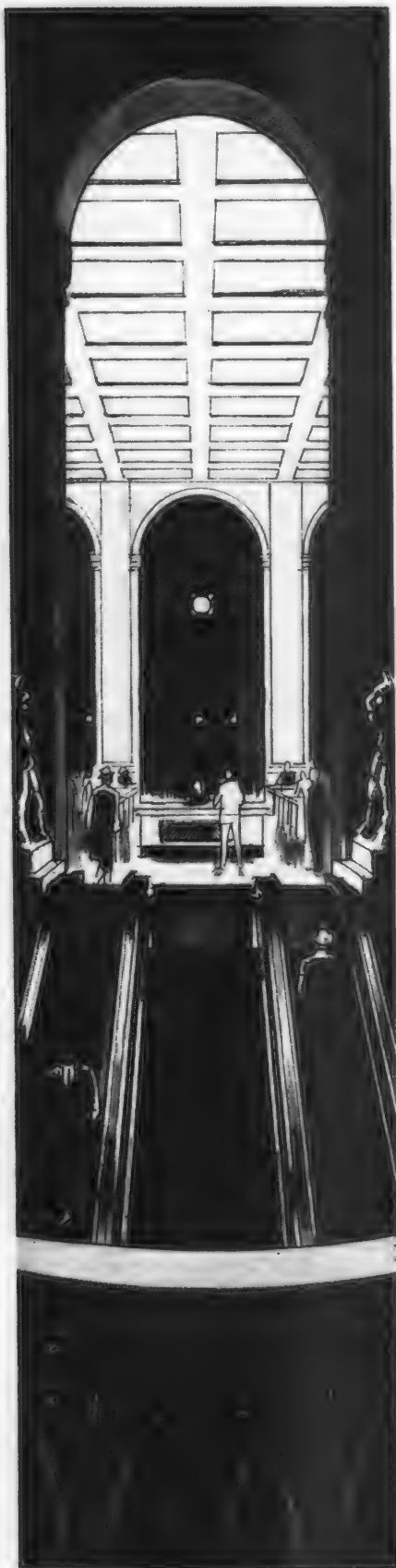
Company Name _____

My Name _____

Address _____

City _____ State _____

STANLEY TOOLS
STANLEY HARDWARE
STANLEY ELECTRIC TOOLS
STANLEY STEEL STRAPPING
STANLEY STEEL



The First National Bank of Chicago

Statement of Condition December 31, 1953

ASSETS	
Cash and Due from Banks	\$ 681,835,458.9
United States Government Obligations	816,965,923.01
Other Bonds and Securities	145,248,512.31
Loans and Discounts	1,191,739,065.12
Real Estate (Bank Buildings and Adjacent Property)	1,928,349.77
Federal Reserve Bank Stock	5,700,000.00
Customers' Liability Account of Acceptances	2,803,372.35
Interest Earned, not Collected	8,031,875.50
Other Assets	378,856.79
	<u>\$2,854,631,413.82</u>
LIABILITIES	
Capital Stock	90,000,000.00
Surplus	100,000,000.00
Other Undivided Profits	3,999,632.43
Discount Collected, but not Earned	2,027,576.67
Dividends Declared, but Unpaid	1,800,000.00
Reserve for Taxes, etc.	32,630,948.16
Liability Account of Acceptances	2,900,115.08
Time Deposits	\$ 518,209,628.75
Demand Deposits	1,921,465,425.49
Deposits of Public Funds	<u>181,687,043.16</u>
Liabilities other than those above stated	<u>11,044.08</u>
	<u>\$2,854,631,413.82</u>

United States Government obligations carried at \$270,012,375.00 are pledged to secure United States Government and other public deposits, trust deposits, and for other purposes as required or permitted by law.

Board of Directors

EDWARD E. BROWN Chairman of the Board	HUGHSTON M. MCBAIN Chairman of the Board, Marshall Field & Company	R. DOUGLAS STUART Director, Quaker Oats Company
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HOMER J. LIVINGSTON President	GILBERT H. SCRIBNER Winston & Company	

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Serving the nations banks at
the heart of the nations trade

The First National Bank
of Chicago



Operating Procedures

(CONTINUED FROM PAGE 45)

among people to discover the causes of work difficulties, and the need for finding a cure rather than temporary relief . . . that old ounce of prevention, you know. The bank's investment in people is stressed; also the need for constantly analyzing that investment.

In this connection the bank's Employee Progress Report is useful. It's a detailed inventory of the staffer as banker: his attendance (to be checked by his supervisor for habits in punctuality, dependability); his personal qualifications (appearance, personality, tact, and courtesy); capacity (ability to learn, initiative, judgment); his attitude toward his job (interest, co-operation, orderliness); and his job performance (accuracy, neatness, quantity). The supervisor is also asked to check the employee's strongest and weakest points, and to report what steps are being taken to correct the latter. His potentialities are appraised.

Personal, Job Qualifications

At the second session the personal and technical qualifications of the managerial staffer are discussed. Under the former heading come self-respect, leadership, enthusiasm, manners, tact, pride, loyalty, friendliness, etc. His technical qualifications are knowledge of job, ability to plan, teach, measure, and accomplish.

The manager's characteristics—those most desired and those least liked—are the subject of the third meeting. His responsibilities to fellow employees and the bank provide the theme for the fourth. He must (to repeat) plan, teach, lead, motivate, inspire, evaluate, and produce. Also, he must organize, deputize, and supervise.

Another interesting angle of the C & S program is the bank's human relations questionnaire whereon each supervisor can measure his or her "Human Relations Quotient." It consists of 25 questions like these:

"Do you give your employees information about the plans and results of your department to make their work as interesting as possible? —"

"Do you encourage the employees to make suggestions and give new ideas? —"

"Are they told in advance about changes that will affect them personally? —"

"Do you give credit where credit is due? —"

"Do you give them clear-cut and prompt decisions? —"

"When an employee returns from a vacation do you express interest in where she went or what she did? —"

"Do you talk to those who were absent yesterday? ('We missed you, Charlie; anything go wrong?') —"

"Do they feel free to come to you for counsel on their problems? —"

"Do you give embarrassing criticism in the presence of others? —"

"Do the employees who work with you feel that their work is important? —"

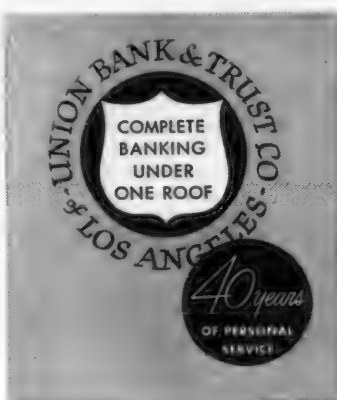
And so on.

The supervisor who conscientiously fills out that questionnaire has a pretty good idea of what kind of job he or she is doing. So does the boss!

Mr. Cardwell reports that this self-appraisal has proved very effective.

Three Personnel Ideas

CONSTRUCTIVE personnel procedures followed by the MAN-



This independent bank invites accounts from other banks and corporations. Send us your cash and collection items. Refer your friends to us when they come to Los Angeles.

STATEMENT OF CONDITION

AS OF DECEMBER 31, 1953

Resources

OFFICERS

Chairman of the Board
Ben R. Meyer
President
Herman F. Hahn
Senior Vice President
Joseph C. Lipman
Vice Presidents
Edward H. LeBreton
Paul E. Neuschaefer
Louis Siegel
William C. Neary
John W. Lubring
Cashier
Hal W. Cross
Comptroller
William Watson
Assistant Vice Presidents
William J. Hunter
Harry N. Herzkoff
Rod Maclean
Lauren H. Conley
Leo C. Helfenberger
Warren P. Tenney
Robert E. Getz
W. Edwin Weir
Assistant Cashiers
Charles H. Landis
Al L. Somerindyke
Angus J. MacLennan
Arthur R. Horne
Roland C. Matthias
Frank Dansby
Auditor
Walter B. Hill
TRUST DEPARTMENT
Vice President
Samuel B. Burnham
Assistant Vice President & Trust Officer
Ray H. Kerns
Assistant Trust Officers
Margaret Morris
Alfred T. Hartwell, Jr.
Lewis B. Maier

Cash on hand and due from Federal Reserve and Other Banks	\$ 70,336,063.56
U.S. Government Securities	83,685,539.07
State and Municipal Bonds	2,263,497.99
Federal Reserve Bank Stock	300,000.00
Loans and Discounts	81,590,554.77
Union Bank Building	1,480,657.80
Customer Auto Parks	152,915.03
Safe Deposit Vaults	1.00
Furniture and Fixtures	1.00
Customers' Liability under Letters of Credit and Acceptances	1,260,293.09
Other Resources	276,146.42
TOTAL	\$241,343,669.73

Liabilities

Capital	\$ 4,250,000.00
Surplus	5,750,000.00
Undivided Profits	1,743,682.52
Reserved for Contingencies	1,276,353.53
Reserved for Interest, Taxes, Dividends, etc.	1,480,015.33
Liability under Letters of Credit and Acceptances	1,260,293.09
Discount Collected—unearned	821,406.97
Other Liabilities	123,727.28
DEPOSITS: Demand	\$184,090,386.18
Time	24,109,447.69
U. S. Government deposits and other public funds	16,440,357.14
TOTAL	\$241,343,669.73

United States Government Securities carried at \$22,914,669.27 in the foregoing statement are pledged to secure public funds and for other purposes required by law

UNION BANK & TRUST CO
OF LOS ANGELES

PERSONAL SERVICE • WE HAVE NO BRANCHES

UFACTURERS NATIONAL BANK OF DETROIT are offered by William G. McCarty, second vice-president.

"We have recently decided to use an informal approach to supervisory development," he says. "Our plan is to invite a supervisor to sit down with an operations officer and the personnel director for a free and easy discussion. We intend to solicit his problems. We'll ask how management can further assist him. Perhaps he needs new equipment and can justify the need. Are we giving him the proper type of employee? Possibly his department's

work is so specialized that he may want to interview the prospective employee, in addition to the usual personnel department interview.

"We want to know the supervisor's problems. We really want to help him.

"We believe that conducting these get-togethers on a completely impersonal basis will greatly improve our communications and give our supervisors increased stature as leaders. Other benefits hoped for will be development of 'proprietor mindedness' among the supervisors and their employees. We think our

supervisors should feel about their departments as though they were their own businesses, and management must do its part to engender that feeling. This includes the communication by management of its policies, beliefs, and principles of management."

Progress Interviews

Manufacturers National also conducts individual progress interviews. After a new employee has been working six to eight weeks, he or she is asked to visit the training division of the personnel department for a talk. The interviewer has a chance to form general opinions about the employee's personality, attitude, manner, and appearance. The interview also reveals whether the staffer is getting adequate training and whether the supervisor has shown interest in his job. And the employee has a chance to express himself and make suggestions.

Transferees are interviewed after about two months on the new job.

"The major purpose of this interview," explains Mr. McCarty, "is to determine whether an employee is happy and becoming well adjusted to his new work. If he shows that he is not, we have an opportunity to do something about it before this feeling develops to the extent that he is seriously unhappy or we might lose him."

A precocious child doesn't take a second piece of cake when he goes visiting. He takes two the first time.

Successful gardening is just a matter of taking pains.

A necessity is something you can't get along without, but do. A luxury is something you can get along without, but don't.

It's a terrible shock for most of us to find out you can't economize without spending less money.

When two persons gossip, the mud they sling makes mountains out of a lot of molehills.

A fellow who can smile when everything around him goes wrong is a golf caddy.

THE FORT WORTH NATIONAL BANK

FORT WORTH, TEXAS

STATEMENT OF CONDITION AT CLOSE OF BUSINESS
DECEMBER 31, 1953

RESOURCES

CASH AND DUE FROM BANKS	\$ 94,463,949.17
UNITED STATES GOVERNMENT SECURITIES	61,534,653.06
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS	7,262,130.08
OTHER BONDS, NOTES AND DEBENTURES	179,891.35
STOCK FEDERAL RESERVE BANK	420,000.00
LOANS AND DISCOUNTS	\$ 96,198,121.51
COMMODITY CREDIT CORPORATION	4,116,035.72
INCOME EARNED—UNCOLLECTED	399,743.14
BANKING HOUSE AND GARAGE PROPERTY	3,937,000.00
FURNITURE AND FIXTURES	1.00
OTHER REAL ESTATE	1.00
OTHER RESOURCES	171,952.80
TOTAL	\$268,683,478.83

LIABILITIES

CAPITAL ACCOUNTS:	
COMMON STOCK	\$ 7,000,000.00
SURPLUS	7,000,000.00
UNDIVIDED PROFITS	892,860.28
RESERVE FOR CONTINGENCIES	1,832,455.15
RESERVE—AMORTIZATION OF BOND PREMIUMS	865,201.90
RESERVE—TAXES, INTEREST, EXPENSE, ETC.	1,199,217.63
INCOME COLLECTED—UNEARNED	1,099,642.34
DEPOSITS:	
INDIVIDUAL	\$170,114,139.65
BANK	61,409,505.36
U. S. GOVERNMENT	5,815,934.70
OTHER PUBLIC FUNDS	11,454,521.82
TOTAL	248,794,101.53
	\$268,683,478.83

U. S. Government and other securities carried at \$32,301,415.65 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Remington Rand Methods News

Two Keys to Faster Reference, Greater Accuracy in your Bank's Customer Information File

Vertical Method with Conve-Filer

The Winters National Bank and Trust Company of Dayton, Ohio, has approximately 156,000 reference cards in its Customer Information File, yet average reference time is *less than one minute*, thanks to mechanized vertical



filing. Moreover, increased reference capacity in 60% less space has resulted from the installation of these Conve-Filers, according to CIF Supervisor, Josephine Steger. As Miss Steger says, "This new filing system has served a dual role in overcoming our space problem and also in putting our records in more workable order."

Electrically-powered Conve-Filer delivers any desired card (out of as many as 200,000) to its comfortably seated operator in seconds, with push button efficiency... pays for itself in one to four years. Learn more about this mechanized tool for modern bank management by circling free folder LBV160 on the coupon.

Visible Method with Chainindex

The Central National Bank of Cleveland runs its highly efficient Customer Information File via the visible method, using Chainindex for accuracy and Kardex for speed. With Chainindex, records are printed directly from address plates at the time and origin of the account, thus eliminating transcription errors. Then the Chainindex cards are locked into Kardex pockets, eliminating lost and jumbled records and utilizing Kardex visibility to assure speedy fingertip reference. Plug-in phones let the clerks answer inquiries right from the file, without withdrawing records. See folder SN728 on Central National's application of Chainindex, and MC731 (on a



loan basis) for a complete explanation of the Mechanized Chainindex system for a time and money-saving Customer Information File.

Mechanized Approach Saves Money on Loan & Discount Records and Trust Accounts

A Remington Rand accounting machine pays off quickly in loan and discount accounting.

This machine delivers a complete ledger, journal and notice of note due



plus carbons, in *one writing*. All classes of loans may be combined on one ledger card—secured, unsecured, discounted, total direct and indirect balances are shown at a glance. Records are machine accurate... all new balances automatically computed, all columns automatically totaled and complete daily proof of posting. One-posting idea ends transcription error... single typewriter keyboard assures touch-method speed.

Our files on mechanized loan and discount procedures and trust accounting are available on loan. Circle MC797 for loan and discount and MC801 for trust records, to see how mechanization materially reduces trust department operating costs, often turning loss into profit.

Top Figuring Speed for Every Operation in All Departments of Any Bank

Computations on mortgage loans, personal loans, analysis of accounts, market value of securities, interest earned on estimated reserves, as well as account distribution, the listing of deposit slips and checks, and dozens of other figurework functions are accomplished faster with the *Printing Calculator*, the truly versatile figuring machine. This all-purpose *Printing Calculator* gives you recorded proof of accuracy in every step on the printed tape. Its 10-key keyboard assures rapid, touch method operation, and combines with short-cut multiplication, automatic division, high-speed listing, addition and subtraction to lighten the



load in every department of your bank. For more information on this figurework phenomenon, circle AC540 on the coupon.

Remington Rand

Room 1762, 315 Fourth Ave., New York 10

"Yea, I'd like to have the literature circled."

LBV160 SN728 MC731

AC540 MC797 MC801

Name _____

Title _____

Bank _____

Address _____

City _____ Zone _____ State _____

Profit-Building IDEAS For Business

**"Provides Intimate Service for
Banks All Over
America"**

TRANSIT

**Cash items are processed
around the clock. An
efficient force speeds
out-of-town checks
on their way in
minimum time.**

Public National
BANK AND TRUST
COMPANY of New York

Main Offices: 25 Broad Street
New York 15, N. Y.

Member, New York Clearing House Association
Federal Deposit Insurance Corporation

SPEED and BEAUTY

NOTE
EXPOSURE
SLUGS
300-300
100-100
100-100
100-100
100-100
100-100
100-100

Holds \$125
to 50c

M.P.
The **STREAMLINED**
COIN CHANGER

"The Lowest Priced Modern Changer"

- Now more than 4500 satisfied users—banks, savings-loan, theatres, stores, ticket offices.
- Sturdy aluminum—gray hammertone finish.
- Compact, 8" x 10" x 6 1/4"—Weight 9 lbs.
- Trouble-free—all parts and workmanship unconditionally guaranteed.

**AT BANK AND OFFICE
SUPPLY DEALERS**

With roll-out base — \$22.50 extra, plus tax
(Model 1107 with silver dollar key — \$70, plus tax)

METAL PRODUCTS ENGINEERING, INC.

Public Relations

(CONTINUED FROM PAGE 46)

Q. Selby, head of the bank's industrial development department.

Bank Shares Art Collection

WILMINGTON (Delaware) TRUST COMPANY has a collection of paintings built around work by local and nearby artists, and it's planning to share them with the public. "Snow Fields," a tempera by Andrew Wyeth, is making the rounds of the bank's offices for window display. If the public likes the idea, other pictures will be similarly shown.

"New Approach" Budget Book

FROM HARRIS TRUST AND SAVINGS BANK, Chicago, comes "Your Money" to tell folks "how to get more out of it through a new approach to budgeting."

The 32-page book is offered in the belief that budgeting, like other things, is constantly subject to new thinking and new techniques. The premise here offered is that the only correct formula is the one the individual makes for himself, based on his abilities and ambitions, and on present price levels and economic conditions.

Features include several pages of charts for figuring the family's net worth, for planning and controlling regular and occasional expenses, paying debts, and recording daily expenses and monthly receipts. The

First page of "Your Money," the Harris Trust and Savings Bank's new family budget book

book was prepared by Mrs. Sylvia Shiras, family counselor, working with H. C. Kinkaid, vice-president of the bank's savings department. It is copyright.

Bank Staff Meetings

A RECENT issue of *Washington Report*, published by the U. S. Chamber of Commerce, had a feature on the employee relations program of the TOOTLE-LACY NATIONAL BANK, St. Joseph, Missouri. The program includes a series of eight monthly staff meetings to explain the bank's operations to the staff. Each session is followed by refreshments and dancing in the lobby.

Staff New Business Drive

A NEW business contest among employees of the LINCOLN SAVINGS BANK, Rochester, New York, brought 17,700 accounts totaling more than \$3,200,000.

The competition was in celebration of the bank's "four score and seven years of service" (1866-1953). Each person opening a new savings account received a souvenir. The three employees bringing in the most business got money prizes at a luncheon attended by officers and trustees of the bank.

Facts for Businessmen

THE NATIONAL CITY BANK OF NEW YORK has published a booklet that tells businessmen how the bank's credit department and other information services can aid them by making available data on prospective relationships, customers and

your money
how to make it buy more through
a new approach
to budgeting



BUDGETING should be fun. We think you'll find it is in these pages. You'll discover how really easy it is to plan, and to live comfortably within the plan. And, before long, you'll find your dollars buying you more in goods and services than ever before. Whether you are a single person, married, parent with a growing family, or actively planning your retirement, **YOUR** budget answers are here. So here's to **YOU**... and to your better living through better budgeting.

By Susan S. Lee

general market conditions; also, how the bank's special facilities help interpret credit information. "Facts You Need for Your Business Decisions" is the title.

Award-Winning Ad

AN ad of THE NORTHERN TRUST COMPANY, Chicago, won *The Daily Bond Buyer's* fourth annual advertising award. The display piece suggested that many investors could improve their net income by considering the advantages of tax-free municipal bonds, emphasized the experience of the bank's bond department officers, and offered a new municipal bond booklet.

Coin Bank Promotion

LA SALLE NATIONAL BANK of Chicago used a model railroad window display to promote a coin bank bust of the explorer La Salle. One of the banks was mounted on a flat car; another car carried a miniature signboard advertising the bank.

Magazine Preview

SOMETHING new for the women is the "Magazine Preview" circulated by the MEADOW BROOK NATIONAL BANK of Nassau County, New York. The four-page folder is a handy guide to the contents of the 20 top women's magazines, and is mailed monthly by the bank.

Each issue contains a capsule review of the leading stories and articles. Some promotional material is carried. "Preview" is timed to arrive in the home about the 25th of each month.

An excerpt from the women's magazine digest offered by the Meadow Brook National Bank

AMERICAN HOME
CHRISTMAS BEGINS IN THE KITCHEN. Pages of ideas and recipes, including roast goose, roast sucking pig. Some decorating ideas for your Christmas packages. An architect displays his three-in-one dining room, den and living kitchen. Sliding and folding doors. New uses for copper clad building paper. It's THE PRETTIEST HOUSE IN TOWN. Learn how automatic ironers save days yearly. See the How-To Section. December issue.

AMERICAN MAGAZINE
Can a former heavyweight champion double as a mother? Read the intimate details of Jack Dempsey's shining success in rearing his two beautiful and well-mannered daughters in a motherless home. JACK DEMPSEY—THE TOUGHEST "Mother" I Know is an unusual story about how the famous "Manassa Mauler" met his greatest challenge. December issue.

CONDENSED STATEMENT OF CONDITION

At the Close of Business, December 31, 1953

ASSETS

Cash on Hand and with the Federal Reserve Bank	\$ 67,568,083.81	
Due From Other Banks	10,258,848.14	
United States Government Securities	181,803,208.13	\$259,630,140.08
Other Bonds, Debentures and Securities		757,080.67
Stock in Federal Reserve Bank		450,000.00
Loans and Discounts		55,019,726.10
Bank Premises, Furniture and Fixtures		4.00
Customers' Liability on Letters of Credit and Acceptances		559,925.87
Accrued Interest Receivable on Loans and Securities		939,599.18
TOTAL		\$317,356,475.90

LIABILITIES

Deposits	\$296,088,666.11	
Letters of Credit and Acceptances	626,441.53	
Interest Collected but Unearned	100,751.04	
Reserved for Dividends, Interest, Taxes and Insurance	1,340,617.22	
Capital Paid In	\$ 6,000,000.00	
Surplus	9,000,000.00	
Undivided Profits	4,200,000.00	19,200,000.00
TOTAL		\$317,356,475.90



4TH AT MAIN • LOS ANGELES (54) CALIFORNIA
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Our growth
can be attributed
to personalized
progressive banking.

We point with pride
that this growth
has not been augmented
by mergers or
consolidations.

Established
in 1871

a all-purpose
let YOUR ads and
BEST and
FOOT and li
FORWARD and li
Have your
letterheads
printed on

WESTON BOND



Weston Bond is a fine rag coated paper that identifies you with quality and character. It's a princely low in cost — ideal for business forms. Your printer will vouch for it. Envelopes to match with GRIP-QUIK seal flap team.

WESTON BOND COMPANY • WESTON, MASSACHUSETTS

Write for Sample Book. Address Dept. BA



THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, DECEMBER 31, 1953

RESOURCES

Cash and Due from Banks	\$1,478,274,159.68
U. S. Government Obligations	926,919,119.22
State, Municipal and Other Securities	622,572,603.70
Mortgages	43,116,763.62
Loans	2,393,667,410.71
Accrued Interest Receivable	13,285,043.52
Customers' Acceptance Liability	48,625,312.49
Banking Houses	31,896,175.35
Other Assets	4,105,076.97
	<u>\$5,562,461,665.26</u>

LIABILITIES

Deposits	\$5,062,087,048.81
Foreign Funds Borrowed	7,338,533.87
Reserves—Taxes and Expenses.	33,494,043.77
Other Liabilities	27,641,719.15
Acceptances Outstanding	56,014,217.44
Less: In Portfolio	6,435,279.29
Capital Funds:	
Capital Stock.	\$111,000,000.00
(7,400,000 Shares—\$15 Par)	
Surplus	219,000,000.00
Undivided Profits	<u>52,321,381.51</u>
	382,321,381.51
	<u>\$5,562,461,665.26</u>

United States Government and other securities carried at \$388,389,298.00 were pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

Substitute and Uncurrent Checks

THE payee of a Government check which has been lost, destroyed, stolen, or mutilated may receive a substitute by presenting satisfactory evidence of such loss, destruction, theft, or mutilation. During a fiscal year, the Government receives about 150,000 claims for substitute checks. In about one-third of the cases a substitute is issued. In most cases it is not necessary to issue a substitute because the original check is discovered.

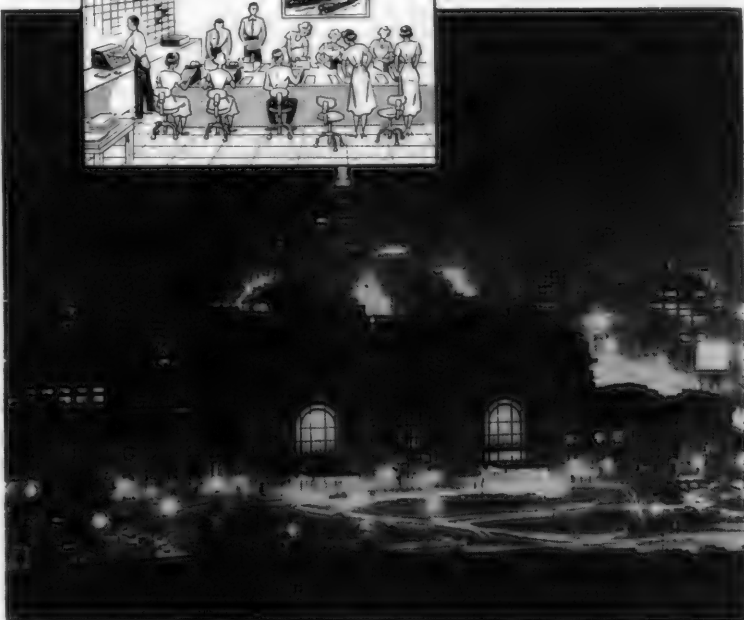
While the Government has streamlined the procedures, some delay in the issuance of substitute checks is unavoidable. Before the Government can issue a substitute check the records must be searched to determine that the check is outstanding and, depending on the circumstances, a bond of indemnity may be required. Very often payees report receipt of their checks while search of the records is being completed and this of course obviates the issuing of substitutes. Payees who cash their checks promptly thereby reduce possibility of loss. In numerous instances it has been reported to the Treasury that checks have found their way into trash cans, garbage cans or washing machines. According to reports these instances have often resulted from carrying checks around in shirt pockets or storing them for extended periods in desks or drawers, where they may be forgotten and at cleaning time mistakenly placed with waste papers and thrown into a stove or furnace or the trash can.

Many checks remain outstanding for more than a year. A Government check can be cashed through banking channels at any time up to 10 years, but after a year has elapsed it becomes what is known

as an uncurrent check and the amount thereof is payable from a special account in the Treasury. During the fiscal year ended June 30, 1953, a total of \$10,960,045 was transferred to this account representing the amounts of outstanding checks. Checks issued on account of the public debt are payable without limitation as to time, but

after 10 years other Government checks cease to be negotiable and the amount may only be paid on submission of claim to the General Accounting Office.

Prompt cashing of Government checks will not only reduce the risk of loss or theft, but will reduce the work necessary in keeping track of them.



While Kansas City Sleeps

Commerce Trust Night Transit Continues to Speed Your Items On Their Way

Our night transit department in the Union Station continues the swift, efficient handling of your transit items. Mail is picked up every 30 minutes from the Post Office across the street, items processed and immediately dispatched direct to points throughout the country . . . thus saving from one to three days collection time on many of them. Send your checks and collections through 18-1.

Commerce Trust Company

Capital Funds Exceed 29 Million Dollars

KANSAS CITY'S OLDEST AND LARGEST BANK

Established 1865 MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

A doctor says singing increases blood pressure. Well, we've listened to some that did.

An old bureau was a place where you hid your money so you could find it. A government bureau is a place they hide your money so you can't find it.

Bankers Encourage Soil Erosion Measures

(CONTINUED FROM PAGE 74)

ing remarkable. It's a narrow, extremely crooked stream. The channel is six to 10 feet deep and seldom more than 30 feet wide from bank to bank. "You can see for yourself the extent of erosion by watching that creek after a heavy rain," Mr. Garratt says. "Then the creek is so muddy it looks like all the soil is being floated away."

Five years from now—provided all the farmers in the East Willow

watershed sign up for the project—flash floods along the creek will be a thing of the past. Willow Creek will run crystal clear after a drenching thunderstorm. The soil will stay in place. And, most important of all, yields of corn, grain, and hay will be increased.

"Andy" Sirek's promotional efforts were emphasized when he and Dewey Hahn of Jordan, farm planner for the Scott County soil con-

servation district, got together with F. A. Welland, cashier of the First National Bank at Shakopee, Minnesota, and County Agent Chester Graham of Jordan to make the 1953 "Treeville" a success. Held on the Pat Knox farm near Shakopee, "Treeville" was a demonstration of tree planting staged as part of the MBA's program to "Keep Minnesota Green."

FOLLOWING the event, bankers in several other counties staged tree-planting demonstrations on a countywide basis. During meetings held in September, Mr. Sirek sold the idea of tree-planting demonstrations to 1,400 bankers in eight areas of the state.

"We want to encourage farmers to plant more trees," Mr. Sirek explains. "As chairman of the MBA's 'Keep Minnesota Green' Committee, I'm hopeful of seeing tree-planting machines and demonstrations in every county in the state. Trees conserve soil and protect wildlife."

Mr. Sirek explains that nearly every farm in hilly areas has at least one place that could be fenced and planted to trees. Fences protect the trees from livestock and give small game and birds a chance to rear their young unmolested. He has found tree-planting a pleasant hobby.

"A banker needs a hobby outside of his business," he said. "There's a great deal of pleasure in watching trees being planted, and satisfaction when you come back a year later and see so many of them thriving."

When a farmer asks Mr. Sirek for a loan, the latter asks him about his soil conservation program. If he's a cooperator with the district, Mr. Sirek is more inclined to grant him a loan, provided, of course, he measures up to other requirements.

And, as Dewey Hahn points out, this interest in soil conservation practices is bearing fruit. Often enough, after an interview with the banker, a farmer gets in touch with Mr. Hahn to learn how to halt erosion and increase yields.

We always feel sad when we see a horsefly sitting on a truck radiator.

Sometimes it looks like it is an economic error to win any war.



CONDENSED STATEMENT OF CONDITION, DECEMBER 31, 1953

ASSETS

Cash on Hand and in Banks	\$	255,038,401.11
United States Government Securities		465,288,249.91
State, Municipal and Other Securities, including Stock of the Federal Reserve Bank		135,976,487.70
Loans and Discounts		500,654,424.45
Bank Premises		3,208,583.36
Other Real Estate		1.00
Other Assets		5,620,778.91
		\$1,365,786,926.44

LIABILITIES

Capital Stock	\$	17,500,000.00
Surplus		42,500,000.00
Undivided Profits		16,073,131.93
		Capital Funds \$ 76,073,131.93

DEPOSITS

Commercial and Savings	\$1,234,659,241.71	
Estates and Corporate Trust	42,986,450.12	1,277,645,691.83
Accrued Taxes, Interest, etc.		8,726,206.10
Other Liabilities		3,341,896.58
		\$1,365,786,926.44

United States Government Securities carried at \$101,822,232.10 are pledged to secure U. S. Government Deposits and other Public Funds and for other purposes as required or permitted by law.

Assets are shown NET after deducting Valuation Reserves.

Ohio's Largest Bank
welcomes individuals and corporations
seeking new or additional banking services.

60 CONVENIENT OFFICES

Northern Ohio:
Painesville • Willoughby • Bedford • Solon
Lorain and
Everywhere in Greater Cleveland
COMMERCIAL • SAVINGS • TRUSTS

Largest branch banking system between New York and San Francisco
2% ON SAVINGS

753,246 SAVINGS AND CHECKING DEPOSITORS

Member: Federal Deposit Insurance Corporation

Federal Reserve System

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

Condensed Statement of Condition December 31, 1953

(Figures of Overseas Branches are as of December 24, 1953)

RESOURCES

Cash in Vault and in Banks	\$1,557,597,136.69
United States Government Securities and Securities Guaranteed by the Government	1,669,423,368.98
Federal Agency Securities	185,205,454.83
State, County, and Municipal Securities	557,704,312.06
Other Securities	119,272,485.48
Loans Guaranteed or Insured by the United States Government or its Agencies	1,171,843,741.90
Other Loans and Discounts	2,976,869,992.59
Bank Premises, Fixtures, etc.	66,917,949.97
Customers' Liability on Letters of Credit, etc.	159,764,351.55
Accrued Interest and Other Resources	37,162,927.60
TOTAL RESOURCES	\$8,501,761,721.65

LIABILITIES

Capital	\$150,000,000.00
Surplus	200,000,000.00
Undivided Profits and Reserves	91,363,762.89
TOTAL CAPITAL FUNDS	\$ 441,363,762.89
Reserve for Possible Loan Losses	56,327,507.82
DEPOSITS { Demand \$4,011,099,065.65 }	7,744,200,095.91
{ Savings and Time . 3,733,101,030.26 }	
Liability for Letters of Credit, etc.	164,835,852.65
Reserve for Interest, Taxes, etc.	95,034,502.38
TOTAL LIABILITIES	\$8,501,761,721.65

Main Offices in the two Reserve Cities of California

SAN FRANCISCO • LOS ANGELES

Branches throughout California

Overseas branches: London, Manila, Tokyo, Yokohama, Kobe, Osaka, Bangkok, Guam

Member Federal Deposit Insurance Corporation • Member Federal Reserve System

Bank of America

(International)

Home Office—New York, N. Y.

A wholly-owned subsidiary

Condensed Statement of Condition December 31, 1953

RESOURCES

Cash in Vault and in Banks	\$36,294,686.65
United States Government Obligations	13,747,119.69
Other Securities	62,128.00
Loans and Discounts	37,797,664.87
Customers' Liability on Letters of Credit, etc.	40,065,275.52
Accrued Interest and Other Resources	518,553.83
TOTAL RESOURCES	\$128,485,428.56

LIABILITIES

Capital	\$ 10,000,000.00
Surplus	3,000,000.00
Undivided Profits	618,984.26
TOTAL CAPITAL FUNDS	\$ 13,618,984.26
Reserve for Possible Loan Losses	600,000.00
Deposits	72,530,987.29
Liability for Letters of Credit, etc.	41,084,324.71
Reserve for Interest, Taxes, etc.	651,132.30
TOTAL LIABILITIES	\$128,485,428.56

**COMBINED RESOURCES OVER
\$8,600,000,000**

GOVERNMENT BONDS

(CONTINUED FROM PAGE 61)

tificates on February 15, (2) \$5,900,000 tax anticipation certificates on March 22, and (3) \$4,600,000 1½ percent notes on March 15. The first and third will be refunded. But the second will be used by holders chiefly to pay taxes. Hence holders of that issue will not be available for an exchange offer.

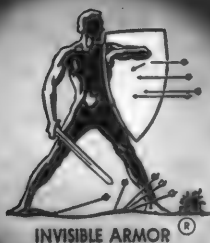
That the first and third may be bunched into one exchange operation is a decided possibility. The character of the ownership of those issues is such that a well-priced medium-term bond and even a longer bond might find a fair degree of acceptance. Times have changed. A one-year issue will have to be included for the Federal Reserve which owns about \$4-billion of these two maturities. Other owners are likely to get a choice of several issues.

In place of the nearly \$6-billion T.A. certificates, a new cash offering might be needed. Instead of cash in payment of taxes the Treasury will get the maturing certificates. It may be that new money will then be needed to build up the general fund of the Treasury. A new issue could be put out without violating the debt limit as the debt would have been reduced by the amount of the matured certificates. Is it too startling to suggest that a new 3 percent might find quite a lot of buyers at that time? The 3¼ percent bonds callable in 1978 now yield only 2.92 percent. The various 2½ percent bonds maturing in 1972 yield only 2.73 percent to their due dates. It would not take much further rise

in the market to make a 3 percent bond running for 20 years look like very good value. There might be quite a few institutions and funds to whom that rate would be acceptable.



"I wonder if you'd mind giving me a little kiss. I've been working here for years and years and years without ever hearing a kind word."



**INVISIBLE
ARMOR**
The Symbol of
**SOUND INSURANCE
PROTECTION**



Heard Along Main Street

(CONTINUED FROM PAGE 30)

The Wall Street site of the new main office of the SEAMEN'S BANK FOR SAVINGS, New York, was for more than three centuries devoted to public use or has been the home of men in public service. The first branch of the Bank of the United States stood there, and it was subsequently used for many years as the United States Assay Office. The new bank, scheduled for completion during 1954, will be the first large building erected on Wall Street in 28 years.

ROBERT C. BARKER, vice-president and general counsel of The Northern Trust Company, Chicago, has been named co-chairman of a committee of bankers to advise on proposed legislation aimed at modernizing the Illinois Banking Act. Mr. BARKER, who is chairman of the Illinois Bankers Association committee on legislation, will serve as co-chairman with ORVILLE E. HODGE, state auditor.

Three veteran members of the auditing department of First National Bank in St. Louis retired on December 31 under the bank's pension plan. They are FIELDEN J. HOLLOCHER, assistant auditor; EARLE B. BARNARD, assistant auditor; and BASIL ATKISSON, tax authority.

JOHN A. MACAULAY, Q. C., of Winnipeg, Canada, has been named a vice-president of the Bank of Montreal. He has served on the bank's directorate for many years, and currently is president of the Canadian Bar Association.

Former President Herbert Hoover, chairman of the commission on reorganization of the executive branch of the Government, has appointed LEWIS B. CUYLER, vice-president of

John A. MacAulay

Lewis B. Cuyler



National City Bank of New York, as one of the 11 members of a Government reorganization task force to study Civil Service Commission and Federal personnel programs, following which recommendations will be made toward improving and strengthening Federal service. Mr. CUYLER, who is in charge of personnel at National City, was during World War II instrumental in the organization and administration of the Army Air Force's Personnel Distribution Command and twice received the Legion of Merit.

25 Years at 39

IT IS NOT too unusual for a bank vice-president to observe his 25th anniversary with a bank—but it is unusual when he is only 39 years old. Such is the case with RICHARD F. BATES, vice-president of The Bank of Virginia and officer in charge of its South Richmond office. He started with the bank as a night force mail clerk at the age of 14. He worked only part time at first, and graduated from high school, and attended the University of Richmond and its evening school. He became a full-time employee in 1933. The bank presented Mr. BATES with a silver candelabra and silver tray to mark the anniversary.

GEORGE M. BRAGALINI, who was vice-president of Manufacturers Trust Company, New York, has been appointed City Treasurer of New York City. Mr. BRAGALINI was formerly acting postmaster of the city.

Over 50,000 people passed through the EAST RIVER SAVINGS BANK's new John Street office in New York during opening week. They opened 6,393 new savings accounts, with deposits totaling \$453,310. The bank augmented its staff for the opening week and kept open from 8:30 A.M. to 6 P.M. Each visitor received a rose and a souvenir pocket bank. WILLIAM J. ROMMEL, assistant vice-president, is manager of the new office.

The Philadelphia National Bank has two new vice-presidents: E. CHANDLER ARCHER and WALTER H. JOHNSON.

*When you
think of your
Pittsburgh
banking needs*



Our total capital funds... Capital, Surplus and Undivided Profits... in relation to total resources and deposits place our Bank in a strong position among the banks of the nation.

As of December 31, 1953, we had capital funds of \$41,412,272; deposits of \$494,013,888 and resources of \$543,318,994.

When you have need of banking service in the important Pittsburgh area, we invite you to "Think of Peoples First."

**PEOPLES FIRST
NATIONAL**

BANK & TRUST COMPANY

Pittsburgh 30, Pa.

Member Federal Deposit Insurance Corporation

ADVANCE NOTICE

by

Christmas Club a Corporation

of the

Biennial \$10,000 Herbert F. Rawll Memorial Awards Competition

FOR CHRISTMAS CLUB MEMBERS AT FINANCIAL INSTITUTIONS USING
THE SERVICES OF CHRISTMAS CLUB a CORPORATION

STARTS NOV. 15TH, 1954. CLOSES JAN. 15TH, 1955.

Competitions accomplish four important objectives:

1. They offer Christmas Club members an opportunity to earn generous awards up to \$2000.
2. They give club members a feeling of warm friendship toward the institutions served by Christmas Club a Corporation.
3. They attract new members to financial institutions served by Christmas Club a Corporation and, at the same time, hold the interest and good will of old members.
4. The true stories submitted in the Competitions supply a wealth of public relations information that is analyzed and passed along to the institutions served by Christmas Club a Corporation. Recommendations based on these findings have often increased memberships as much as 50% in the Christmas Clubs of these institutions.

Entry blanks explaining rules and attractive lobby display cards will be supplied without cost to institutions served by Christmas Club a Corporation.

THERE ARE 170 GENEROUS AWARDS:

1ST AWARD—\$2000

2ND AWARD—\$1500

Other awards from \$1000 to \$20 each.

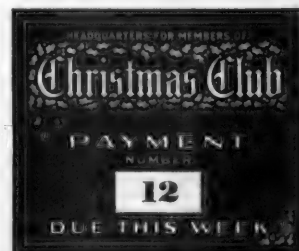
A staff member of Christmas Club a Corporation will be glad to call on you and give you full particulars. (No obligation, whatsoever.)

Christmas Club

a Corporation

FOUNDED BY HERBERT F. RAWLL

230 Park Avenue, New York 17, N. Y.



Builds Savings • Builds Character • Builds Business For Financial Institutions

MAIN STREET (Continued)

FIRST NATIONAL BANK AND TRUST COMPANY of Kalamazoo, Michigan, recently celebrated its 90th anniversary.

Newly promoted vice-presidents at Union National Bank, Charlotte, North Carolina, are C. C. HOPE, JR., and W. J. SMITH, JR.

In Palm Beach, Florida, more than 6,000 persons attended the recent open house at the new BANK OF PALM BEACH AND TRUST COMPANY'S \$134,000 building. The grounds of the bank are part of the botanical gardens of the old Poinciana Hotel. MESSMORE KENDALL is president of the new institution.

Chemical Bank & Trust Company, New York, has elected as vice-presidents DANIEL A. FINLAYSON, JR., EDWARD C. NEWFANG, and DONAL C. PATTERSON.

C. J. Abbott

C. J. (Chris) ABBOTT, rancher and banker of Hyannis, Nebraska, was killed in the airplane crash which also took the life of T. E. Braniff, president of Braniff Airlines.

MR. ABBOTT is a brother of LEROY ABBOTT, Alliance, Nebraska, who is a member of the Livestock Committee of the A.B.A. Agricultural Commission. Together they operated eight banks in Nebraska.

MR. ABBOTT was recognized as an authority on the cattle industry.

HENRY C. ALEXANDER, president of J. P. Morgan & Co. Incorporated, New York, has been selected to serve during 1954 as the member of the Federal Advisory Council from the Second Federal Reserve District.

STEPHEN E. MCLOUGHLIN, JR., former Philadelphia City Controller, has been elected administrative vice-president of the Land Title Insurance Company, Philadelphia. During his term as City Controller, MR. MCLOUGHLIN has been on leave of absence from Trademans Land Title Bank and Trust Company.

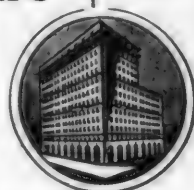
GEORGE F. BATES, vice-president in charge of the Niagara Falls area offices of the Marine Trust Company of Western New York, has been as-

UNION PLANTERS NATIONAL BANK

MEMPHIS,

TENN.

Since
1869



Condensed Statement

At the Close of Business December 31, 1953

RESOURCES		LIABILITIES	
Cash and Due from Banks.....	\$ 90,348,010.61	Capital Stock	\$ 6,000,000.00
U. S. Government Securities.....	54,557,105.19	Surplus	12,000,000.00
Securities of Instrumentalities of the United States Government	938,848.07	Undivided Profits 3,308,004.66	\$ 21,308,004.66
State and Municipal Securities	20,275,614.01	Reserve for Interest, Taxes and Expenses	1,994,597.77
Stock in Federal Reserve Bank	540,000.00	Interest Collected but not Earned	1,183,078.20
Other Securities	106,837.20	Letters of Credit and Acceptances	8,261,425.45
Loans and Discounts.....	151,214,445.31	Deposits	299,763,571.31
F.H.A. Insured Mortgages.....	1,404,821.79	TOTAL	\$332,510,677.39
Banking Houses and Fixtures (Main Office and Branches)	3,895,000.00		
Customers' Liability A/C Letters of Credit and Acceptances.....	8,261,425.45		
Accrued Interest Receivable.....	608,439.87		
Other Assets	360,129.69		
TOTAL	\$332,510,677.39		

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

AUSTRALIA AND NEW ZEALAND BANK LIMITED

in which are merged

BANK OF AUSTRALASIA
(Established 1835)



UNION BANK OF AUSTRALIA LTD.
(Established 1837)

ABRIDGED STATEMENT OF ASSETS AND LIABILITIES

(Expressed in Australian Currency)

30th SEPTEMBER, 1953

ASSETS		£A
Coin, Bullion, Notes and Cash at Bankers		44,649,606
Money at call and short notice		3,200,250
Treasury Bills—Australian Government		12,986,082
Cheques of, and Balances with, and due from other Banks		6,348,149
Special Account with Commonwealth Bank of Australia		44,683,000
Investments at or under Market Value		21,579,468
Bills Receivable and Remittances in Transit		49,962,160
Loans and Advances to Customers and other Accounts		174,291,155
Liability of Customers for Acceptances		2,506,744
Bank Premises and other Fixed Assets		4,064,431
Liability of Customers and others on Confirmed Credits, Guarantees, etc.		26,815,739
		£A 391,286,784
LIABILITIES		£A
Capital, paid up		10,667,500
Reserve Fund and Profit and Loss Account Balance		8,994,117
Current, Deposit and other Accounts		342,302,684
Acceptances for Customers		2,506,744
Confirmed Credits, Guarantees, etc., on behalf of Customers		26,815,739
		£A 391,286,784

GENERAL MANAGER'S OFFICE FOR AUSTRALIA, NEW ZEALAND, FIJI & PAPUA:
394-398 Collins Street, Melbourne.

PRINCIPAL OFFICE IN NEW ZEALAND: 196 Featherston Street, Wellington.

HEAD OFFICE: 71 Cornhill, London, E.C.3.

Over 760 Branches and Agencies throughout Australia and New Zealand, in Fiji, in Papua and in London.

signed to the central administration offices in Buffalo. Vice-president MARTIN J. TRAVERS succeeds MR. BATES at Niagara Falls. MR. TRAVERS is immediate past president of the American Institute of Banking.

CARLTON E. ABBOTT, trust officer of the Greenwich (Connecticut) Trust Company, has been promoted to vice-president.

EASTON (Pennsylvania) NATIONAL BANK held a cornerstone laying ceremony at its new Wilson Borough

Branch. President Robert J. Laub placed inside the cornerstone a box containing copies of *The Easton Express*, *Wall Street Journal*, *New York Times*, the Bible, the bank by-laws and articles of association, the bank's last nine statements, a list of its officers, directors, and employees, an American flag, and a set of 1953 American coins.

The FOURTH NATIONAL BANK of Columbus, Georgia, has announced plans for a three-story \$500,000 bank building on which construction will

start in April. Two tellers' windows will be built into the rear wall of the bank, and motorists will use a special roofed-over parking area from which they can step out to the tellers' windows.

At First National Bank, Saint Paul, Minnesota, FREDERICK W. MANKE was named vice-president and comptroller; LLOYD L. LEIDER was made a vice-president.

E. AMES BLEDA was elected secretary of Excelsior Savings Bank, New York City.

VALLEY NATIONAL BANK, Phoenix, Arizona, has been running a series of advertisements picturing its vice-presidents, with brief messages about their individual departments. A recent ad contained photos of nine women officers, all of whom hold administrative and executive positions with the bank. VALLEY believes that it probably has more women officers than any other bank of comparative size. The bank's employees total 1,186, of whom 751 are women.

FIRST NATIONAL BANK IN DALLAS has formed a new Twenty-five Year Club with a charter membership of 73.

NORFLEET TURNER, president of First National Bank of Memphis, Tennessee, has been named president of the Memphis and Shelby County Community Chest for 1954. ALLEN MORGAN, executive vice-president of the same bank, was elected a director of the Chest.

MARQUETTE NATIONAL BANK of Minneapolis will ease its growing pains by moving within the year to the larger La Salle building. Subsequent expansion will be possible at the new location, which is to be renamed the Marquette National Bank building.

KELLEY GRAHAM, board chairman of the First National Bank of Jersey City, New Jersey, announced at the bank's annual Christmas party that he would retire on February 1 in accordance with the bank's pension plan. He has been active in the bank for over 30 years and will continue as a director. The office of chairman of the board is being discontinued and President KINGSBURY S. NICKER- (CONTINUED ON PAGE 158)

COLOMBIA MEANS BUSINESS

LET US HELP YOU INCREASE YOURS

OPPORTUNITIES in Colombia for U. S. business are increasing every year. Trade connections are becoming more profitable. With an eye on your business future there, why not let us assist you with your collections and letters of credit?

For instance in making collections, we have an outstanding record of combining efficiency with tact, courtesy with results—a proven faculty for settling unpaid accounts quickly and retaining good-will.

As for letters of credit, consider the convenience of our 29 offices located in every important commercial centre in Colombia. This exceptional coverage is a great advantage too in furnishing current and comprehensive trade information.

In fact whatever your requirements, we have special departments handling every phase and facility of banking. More and more progressive U. S. banks and business firms are making use of our extensive organization established for over 40 years.

We invite your inquiries.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices — Bancoquia

Capital paid-up	\$20,675,000 — Pesos Colombian.
Surplus:	\$17,096,200 — Pesos Colombian.
Other reserves:	\$5,441,400 — Pesos Colombian.

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia (C), Barrancabermeja, Barranquilla (2), BOGOTA (3), Bucaramanga, Cali (2), Cartagena, Carriago, Cúcuta, Girardot, Ibagué, Magangué, Manizales, Medellín (1), Montería, Neiva, Palmira, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Vélez (8).

WHAT DO THESE INDUSTRIES HAVE IN COMMON?

They have all called on Ebasco for services involving engineering, construction, or business consultation. In addition to these nine major industries, Ebasco has served many others both here and abroad.

The help provided by Ebasco varies with the requirements of the client. One project may call for the complete design and construction of a new plant. Another may require assistance on new financing, space planning services, a marketing and distribution study; or perhaps an industrial relations program. Still others may include advice on insurance, on tax problems, or on accounting systems and methods.

Whatever the problem, Ebasco applies to it the services of specialists . . . men of broad experience and recognized technical competence. Besides saving executive time, Ebasco saves you the expense of adding high-cost talent to your permanent payroll.



AVIATION 6 Companies Served



BANKING 10 Companies Served



ELECTRIC 146 Companies Served



FOOD 16 Companies Served



GAS 91 Companies Served



22 Companies Served



PULP and PAPER 24 Companies Served



RAILROADS 6 Companies Served



STEEL 10 Companies Served



Our booklet—"The Inside Story of Outside Help"—tells the full story of Ebasco special services and how they may be of use to you. For a copy, without obligation, write or phone Ebasco Services Incorporated, Dept. L, Two Rector Street, New York 6, N. Y.

NEW YORK • CHICAGO • WASHINGTON, D. C.
Appraisal • Budget • Business Studies • Consulting Engineering
Design & Construction • Financial • Industrial Relations • Inspection &
Expediting • Insurance, Pensions & Safety • Purchasing • Rates &
Pricing • Research • Sales & Public Relations • Space Planning
Systems & Methods • Tax • Traffic • Washington Office

*Ebasco Steamwork gets things done
anywhere in the world*



**REDUCE Fatigue...
INCREASE Efficiency**

**WITH
Foot Comfort
RUNNERS and MATS**



HERE'S THE SECRET

Note the cutaway section above showing construction of the Hygienic FOOT COMFORT CUSHION. A tough rubber tile surface bonded to a sponge rubber base provides proper support without being "mushy." Thus, fatigue induced by standing on hard floors is eliminated — with a resulting increase in the user's efficiency.

Wherever people must work standing — at tellers' cages, counters, machines — FOOT COMFORT CUSHIONS pay for themselves by increasing the efficiency of personnel. Edges beveled for safety and appearance. Eight marbled color combinations.

MATS: 18 x 30", 18 x 48", 24 x 36", 36 x 64"
RUNNERS: To 36" width, any length.

See your BANK OUTFITTER or OFFICE SUPPLY DEALER, or write: FLOORING DIV., Dept. E2 for prices and literature.

THE HYGIENIC DENTAL MFG. CO.
AKRON 8 OHIO, U. S. A.

A Good Way to Keep Posted on What's Happening in Banking Circles Is to Check Regularly BANKING'S Calendar. This Month's Schedule of Coming Events Lists A.B.A., State Bankers Association, and Other Organization Meetings.

TURN TO PAGE 118

MAIN STREET (Continued)

SON becomes the chief executive officer.

BRICE J. WORTHINGTON, JR., and PHILLIP LEE GOLDSBOROUGH, JR., have been made vice-presidents of the Baltimore (Maryland) National Bank.

O. EUGENE ROUSH, vice-president and cashier of the First National Bank of Miami, Florida, has been elected president of the Greater Miami Clearing Association. Other officers elected are: *first vice-president*, ALBERT F. CAMP, vice-president of North Shore Bank, Miami Beach; *second vice-president*, C. W. FISHBURN, executive vice-president, The Riverside Bank; *secretary and treasurer*, IRENE E. GAYDOS, Florida National Bank and Trust Company.

MATTHEW E. COFFEY and WILLIAM M. BEDEL are now vice-presidents at Marine Midland Trust Company, New York City.

HARLEM SAVINGS BANK, New York City, has opened a new office in the Tudor City-United Nations area of New York. Some 20,000 people attended the two-day opening and deposited over \$275,000 in 5,300 new savings accounts.

The CITIZENS AND SOUTHERN BANK of East Point, Georgia, celebrated completion of its \$125,000 remodeling and expansion with a day-long open house. There were souvenirs for all the visitors, who numbered several thousand.

NASSAU COUNTY NATIONAL BANK of Rockville Centre, New York, has opened a branch at Uniondale. The bank has purchased a lot fronting on three streets and will construct there a new building with drive-in windows and parking facilities for 100 cars.

S. E. LAUTHER was elected president of Irwin-Union Trust Company, Columbus, Indiana, succeeding J. IRWIN MILLER who was named to the new post of chairman of the board. MR. LAUTHER is but 40 years old.

ARTHUR H. TOWLER was promoted to vice-president of First National Bank, Minneapolis.

RUTH SHERRILL, president of the Association of Bank Women, has been elected a vice-president of the First National Bank of Memphis, Tennessee. MRS. SHERRILL is in charge of the Government Bond section of the bank's bond department. Her entire career has been with First National.

MARTIN LUTHER HAGGERTY, vice-president and director of George LaMonte & Son, Nutley, New Jersey, was given a surprise celebration honoring his 50th anniversary with the company. Mr. Haggerty was a banker before joining the safety paper industry, having started with National City Bank, New York, and later joining The Seamen's Bank for Savings, New York.

CATHERINE B. CLEARY has resigned as Assistant Treasurer of the United States to accept appointment as Assistant Secretary of the Treasury.

LAURENCE B. ROBBINS, retired vice-president of the North Trust Company, Chicago, has accepted a post with RFC in Washington, D. C.

F. E. COEN, formerly with the Athens (Ohio) National Bank has assumed the duties of cashier of The Glouster (Ohio) Community Bank, succeeding GENE L. MILLER, resigned.

This sign at Emigrant Industrial Savings Bank's building on Chambers Street, New York City, is one of the two largest permanent illuminated painted display signs in the United States, according to the firm which just repainted it. The other is on the opposite side of the building. The smallest letters are 20 inches high; the largest, 12½ feet; the signs are 90 feet high. At the left is historic City Hall.





THE BANK OF TORONTO

ESTABLISHED 1856

98th Annual Statement

CONDENSED GENERAL STATEMENT

AS AT NOVEMBER 30th, 1953

ASSETS

Cash, Deposits with, and due from Other Banks	\$110,444,340
Dominion and Provincial Government Securities	186,792,398
Municipal and Other Securities	28,114,246
Call Loans (secured)	5,722,604
Commercial and Other Loans	227,926,014
Bank Premises	9,163,118
Customers' Liability under Acceptances and Letters of Credit as per contra	2,540,138
Other Assets	208,462
	<u>\$570,911,320</u>

LIABILITIES

Deposits	\$545,123,772
Acceptances and Letters of Credit outstanding	2,540,138
Liabilities to the public not included under foregoing heads ..	534,454
Dividends declared and unpaid	391,935
Capital	\$ 6,000,000
Reserve Fund	16,000,000
Undivided Profits	321,021
	<u>22,321,021</u>
	<u>\$570,911,320</u>

PROFIT AND LOSS ACCOUNT

Profit for the year ended 30th November, 1953, after making appropriations to Contingency Reserves out of which full provision for bad and doubtful debts has been made	\$ 3,059,801
Less:	
Depreciation on Bank Premises and Equipment .. \$ 493,822	
Provision for Dominion and Provincial Government Taxes	1,262,578
	<u>1,756,400</u>
Net Profit for the year	\$ 1,303,401
Dividends	\$ 840,000
Provision for extra distribution to shareholders payable 2nd January, 1954	180,000
	<u>1,020,000</u>
Balance of Profit carried forward	\$ 283,401
Balance of Profit and Loss Account, 29th November, 1952 ..	2,037,620
	<u>\$ 2,321,021</u>
Transferred to Reserve Fund	2,000,000
Balance of Profit and Loss Account, 30th November, 1953 ..	<u>\$ 321,021</u>

B. S. VANSTONE, *President*

WM. KERR, *General Manager*



Talking of trade with Australia and New Zealand

If experience and local knowledge can help your customers' ventures to success in these countries, we invite you to make our specialist services available to them.

BANK OF NEW SOUTH WALES

FIRST AND LARGEST COMMERCIAL BANK IN THE SOUTH-WEST PACIFIC

British & Foreign Department, Sydney, Australia — R. J. Neal Blackwell, Manager

Because we
work
around
the clock...

**YOUR
CHECKS
ARE
COLLECTED FASTER**

**THE NATIONAL CITY
BANK of Cleveland**



623 Euclid Ave.

Member Federal Deposit Insurance Corporation

**YOU'RE
OUR
BUSINESS**



In addition to providing the perfect liaison system for mortgage-dealer relations, Foremost Insurance Company—specialists in mobile home insurance—provides a Vendors' Single Interest plan protecting your interest in the chattel every minute there is an unpaid balance

Contact your Foremost agent today for full details, or write, wire or phone:



**FOREMOST
INSURANCE
COMPANY**

Federal Square Building • Grand Rapids 2, Mich.

Invest in America

(CONTINUED FROM PAGE 125)

week and examples of how other communities have fostered the idea. Los Angeles has prepared effective envelope stuffers and other literature. In many cases local business and industry have devoted their regular newspaper advertising space during the week to directing attention to the Invest in America idea—the idea that without investment in these businesses and industries, they would never have come into being.

The Investment Bankers Association of America has gone on record as urging local IBA groups to participate in the movement. Indeed, the Southwest's participation last year was under the aegis of the IBA Southwestern Group, including Kansas, Oklahoma, and part of Missouri.

This year Invest in America Week, April 25 to May 1, will be gaining more than local or regional importance. Local weeks are again scheduled in Los Angeles, the Southwest, Detroit, and Philadelphia.

As the result of a meeting initiated at the Hollywood convention of the IBA by Walter A. Schmidt, one of the organizers of the Philadelphia "Invest in America Committee" in 1950, IBA representatives are endeavoring to organize "Invest in America" activities in the following cities for the first time: Atlanta, Baltimore, Pittsburgh, St. Louis, Kansas City, Omaha, and Denver.

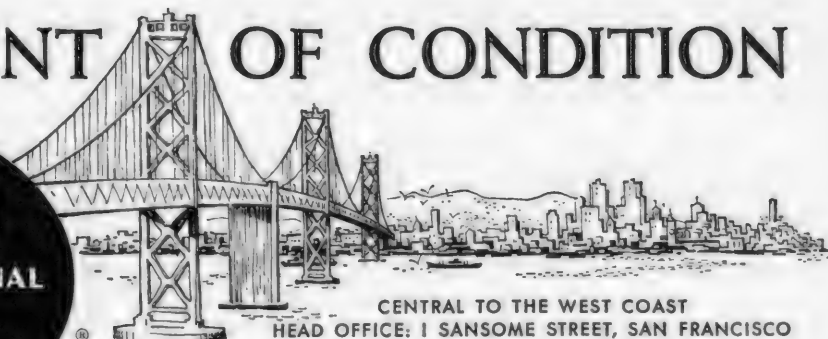
Some time back, representatives of groups interested in making Invest in America Week a national event adopted the following statement:

"The American competitive enterprise system was founded on the work and savings of the people and has produced the highest standard of living in history. Our people of their own free will have made all forms of investment from Government bonds to venture capital for new enterprises. Competitive enterprise is dependent on the continued supply of these funds, which benefit consumers, workers, and the national interest as well as investors.

"Investing in America has helped make our country great. This idea needs to be brought home to all the people, men and women. We are fighting to preserve our economic, religious, and political freedom and the battle must be won in the field of ideas as well as on the battlefield."

STATEMENT OF CONDITION

ANGLO CALIFORNIA NATIONAL BANK



CENTRAL TO THE WEST COAST
HEAD OFFICE: 1 SANSOME STREET, SAN FRANCISCO

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FRED B. BAIN, *President,*
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Downey, Brand, Seymour and Robwer

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Vice President

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Chairman of the Board

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WM. HERBERT CARR,
Vice President and Treasurer,
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HARRY D. COLLIER,
Director and former Chairman,
Standard Oil Company of California

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FREDERICK M. FISK,
Chickering & Gregory, Attorneys

PAUL E. HOOVER,
President

ERNEST INGOLD, *President,*
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JOHN J. REILLY, *President,*
Western Department Stores

CHARLES L. WHEELER,
Executive Vice President,
Pope & Talbot, Inc.

HERMAN WOBBER,
Twentieth Century-Fox Film Corporation

ASSETS

	December 31, 1953	December 31, 1952
CASH AND SECURITIES		
Cash and Due from Banks	\$165,478,868.62	\$149,931,875.85
United States Government Securities	222,242,421.96	228,775,617.16
State and Municipal Securities	51,128,699.83	44,019,147.73
Other Bonds and Securities	8,272,560.73	8,724,707.51
TOTAL	\$447,122,551.14	\$431,451,348.25
LOANS		
Commercial Loans	\$136,222,031.66	\$147,677,697.40
Real Estate Loans	94,586,487.76	92,187,906.83
Automobile Installment Loans	68,681,395.70	58,375,856.50
Personal and Improvement Loans	28,710,924.75	29,440,018.05
	\$328,200,839.87	\$327,681,478.78
Less: Reserve for Possible Loan Losses	5,008,548.47	4,070,152.96
TOTAL	\$323,192,291.40	\$323,611,325.82
OTHER ASSETS		
Accrued Income Receivable	\$ 2,404,309.57	\$ 2,171,970.10
Stock in Federal Reserve Bank	1,140,000.00	1,095,000.00
Bank Premises and Equipment	7,354,347.76	6,789,250.17
Other Real Estate Owned	27,534.37	346,059.54
Customers' Liability under Letters of Credit and Acceptances	7,838,415.01	7,402,236.78
Other Assets	1,726,074.53	697,602.49
TOTAL	\$ 20,490,681.24	\$ 18,502,119.08
TOTAL ASSETS	\$790,805,523.78	\$773,564,793.15

LIABILITIES

DEPOSITS		
Demand Deposits	\$362,806,342.24	\$372,340,323.66
Time Deposits	270,107,530.11	252,490,637.15
United States Government Deposits	17,915,047.72	14,142,402.01
Other Public Deposits	73,376,219.08	72,108,526.63
TOTAL	\$724,205,139.15	\$711,081,889.45
OTHER LIABILITIES		
Dividends Payable	\$ 1,000,000.00	\$ 1,000,000.00
Income Collected in Advance	6,367,224.35	5,974,503.45
Letters of Credit and Acceptances	8,479,824.51	7,483,615.57
Accrued Interest, Taxes, Other Expense	4,703,284.96	4,116,181.29
TOTAL	\$ 20,550,333.82	\$ 18,574,300.31
CAPITAL ACCOUNTS		
Capital Stock	\$ 20,000,000.00	\$ 20,000,000.00
Surplus	18,000,000.00	16,500,000.00
Undivided Profits	5,912,568.15	5,226,330.71
Unallocated Reserves	2,137,482.66	2,182,272.68
TOTAL	\$ 46,050,050.81	\$ 43,908,603.39
TOTAL LIABILITIES	\$790,805,523.78	\$773,564,793.15

On December 31, 1953, securities carried at \$119,487,105.37 were pledged to secure trust deposits, United States Government and other public deposits, as required by law. On December 31, 1952, securities so pledged amounted to \$117,270,712.12.

Member Federal Reserve System • Member Federal Deposit Insurance Corporation

BAKERSFIELD • BERKELEY • CHICO • FRESNO • HANFORD • HAYWARD • LEMOORE • MERCED • MODESTO • OAKLAND • O'DALE • PALO ALTO • RED BLUFF • REDDING • SACRAMENTO • SAN FRANCISCO • SAN JOSE • TAFT • WEST SACRAMENTO

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Consumer Credit Business, secured without loan acquisition costs, such as Renewals, Repeats and through Recommendations, is wholly dependent upon good customer relations.

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IN 1928

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New York 5, New York

117 South 17th Street
Philadelphia 3, Pa.

8 So. Michigan Avenue
Chicago 3, Illinois

Editorialized Promotion

EDITORIALIZED advertisements are not new, but one that recently came to BANKING's attention deserves comment. This ad promotes the services of The Woonsocket (Rhode Island) Institution for Savings and is a regular feature of the Saturday evening issue of *The Woonsocket Call*.

This four-column ad has its own stylized masthead featuring the title, "Savings Bank News." In smaller type, mention is made of the bank's noon news broadcast; its 2½ percent interest rate; service till 5:30 on Fridays; and, of course, the bank's signature is included.

The ad is designed to look like a little newspaper. Recent illustrations have included a series of early photographs taken around Woonsocket; photos of staff members, trustees, and prominent local business people; and carefully chosen BANKING cartoons. Editorial copy discusses current thrift and mortgage banking topics.

Northern's New Passbook

THE Northern Trust Company of Chicago has included in a spruced up revised version of its savings department passbook facts about other departments of the bank and how they can be useful to the saver; information the depositor should know about his savings account; including facts about how to "save-by-mail"; a list of the bank's directors; and, of course, regulations governing deposits and withdrawals.

A brand new type face was used in printing the book and it has a dark green jacket with matching protective case.

"I couldn't break off our engagement until he's paid for the things he bought me on time!"



BANKING

"MY BANK"
TO A MILLION CANADIANS



CANADA'S FIRST BANK
Coast-to-Coast

BANK OF MONTREAL

New York -- 64 Wall Street San Francisco -- 333 California Street
Chicago: Special Representative's Office, 38 South Dearborn Street

600 Branches Across Canada • Resources Exceed \$2 Billion

THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York

69 Branches in Greater New York

57 Branches Overseas



Statement of Condition as of December 31, 1953

ASSETS

Cash, Gold and Due from Banks	\$1,484,190,123
United States Government Obligations	1,539,876,061
Obligations of Other Federal Agencies	16,714,882
State and Municipal Securities	463,780,518
Other Securities	87,986,399
Loans and Discounts	2,368,582,461
Real Estate Loans and Securities	294,007
Customers' Liability for Acceptances	28,222,379
Stock in Federal Reserve Bank	9,600,000
Ownership of International Banking Corporation	7,000,000
Bank Premises	32,881,838
Items in Transit with Branches	5,631,898
Other Assets	4,261,105
Total	\$6,049,021,671

LIABILITIES

Deposits	\$5,538,214,433
Liability on Acceptances and Bills . . \$52,873,952	
Less: Own Acceptances in Portfolio	22,358,030
Due to Foreign Central Banks	16,897,800
(In Foreign Currencies)	
Reserves for:	
Unearned Discount and Other Unearned Income	22,550,166
Interest, Taxes, Other Accrued Expenses, etc.	44,127,021
Dividend	3,750,000
Capital \$150,000,000	
(7,500,000 Shares—\$20 Par)	
Surplus 170,000,000	
Undivided Profits 72,966,329	392,966,329
Total	\$6,049,021,671

Figures of Overseas Branches are as of December 23.

\$352,723,093 of United States Government Obligations and \$17,827,600 of other assets are pledged to secure Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

Affiliate of The National City Bank of New York for separate administration of trust functions

CITY BANK FARMERS TRUST COMPANY

Head Office: 22 William Street, New York

Capital Funds \$31,789,641

We shall be glad to send a complete copy of the 1953 "Report to Shareholders" of THE NATIONAL CITY BANK OF NEW YORK and CITY BANK FARMERS TRUST COMPANY to anyone who requests it.

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President

RICHARD S. PERKINS
Vice-Chairman of the Board

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President, The National Cash Register Company

SOSTHENES BEHN
Chairman, International Telephone and Telegraph Corporation

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Architects

Lighting Equipment By **RAMBUSCH**

The inviting appearance of this monumental bank interior was made possible by two principal changes. First of all, the ugly old screens were removed to give an unobstructed view of the interior in general as well as of the person with whom you are doing business. The other important change was the addition of 78 Rambusch Downlites of 750 watt capacity each—well concealed in the ceiling and easily serviced from the attic.

There are 50 Rambusch field representatives, and one of them is near you.

RAMBUSCH

40 West 13th Street • New York 11, N. Y.

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—1954

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BANKING

12 East 36 Street
New York 16, N. Y.

Mechanization of Check Handling

THE A.B.A. Bank Management Commission's Committee on Mechanization of Check Handling met in Washington, D. C., for two days in mid-January and drew up this statement of its problem, objectives, and program:

Problem

1. Increasing personnel problems and related costs.
2. Excessive manual handling in check processing.
3. Monotonous clerical detail and attendant possibility or errors.
4. Continual increase in the number of checks being issued annually.
5. Lack of automation in existing check processing equipment.
6. Lack of unified consideration in the recognition and presentation of the problem for solution.

Objectives

1. To interpret the stated problem and others subsequently recognized in terms of automation.
2. To study the latest technological developments in the field of electronics pertaining to the problem.
3. To represent the banking industry as a whole in presenting the problem objectively to machine manufacturers.

4. To prepare and submit coordinated functional specifications to machine manufacturers.

5. To consider the interests of all sized banks in any deliberations.

6. To continually pursue the analysis of existing problems until the presentation of a workable solution.

7. To coordinate the activities of this committee with those activities in common with the Subcommittee on Electronics of the A.B.A. Savings and Mortgage Division and the Joint Committee on Check Collection System.

Program

1. To confirm our statement of the problem and obtain endorsement of our objectives with the key operating men.

2. To establish a technical subcommittee for the exploration of technical matters with authority to act within the policy structure of the entire committee.

3. To objectively seek, assemble, and evaluate technical information from all qualified machine manufacturers.

4. To thoroughly indoctrinate all banks with the significance of the program in a manner that will reduce technical terminology to laymen's language.

The A.B.A. Bank Management Commission's Committee on Mechanization of Check Handling as it met in Washington, D. C., on January 11 and 12. Clockwise around the table, beginning at the left, are: Melvin C. Miller, secretary, Bank Management Commission; John A. Kley, vice-president, County Trust Company, White Plains, New York; J. C. Welman, president, Bank of Kennett, Missouri; Edward T. Shipley, auditor, Wachovia Bank and Trust Company, Winston-Salem, North Carolina; J. R. Dunkerley, deputy manager in charge of A.B.A. Savings and Mortgage Division; Frank W. Sherman, president, American National Bank, Jacksonville, Florida; J. Lewis Nungesser, assistant cashier, Philadelphia (Pa.) National Bank; C. M. Weaver, assistant vice-president, First National Bank, Chicago; Raymond C. Deering, vice-president and comptroller, Manufacturers Trust Company, New York, and chairman of the Bank Management Commission and of this Committee



Our Investment Abroad (CONTINUED FROM PAGE 49)

or government. It is in applying this theory that difficulties loom. Foreigners who are to invest their savings "temporarily" will need to have assurance of very liberal earnings, and on a "take-home" basis, too. And when they sell out at the expiration of the "temporary" period they will want to be paid in real money.

Even under favorable circumstances it will take a vast amount of foreign capital to keep pace with the needs of the underdeveloped countries with their rapidly expand-

ing populations. Latin American people, thanks in part to our Point IV health program, are multiplying at twice the world rate. To meet the needs of the oncoming generations of Latin Americans, Indians, Egyptians, Africans, and others will require ever more food, clothing, and shelter; irrigation, transportation, farm and factory machinery, and power, power, power.

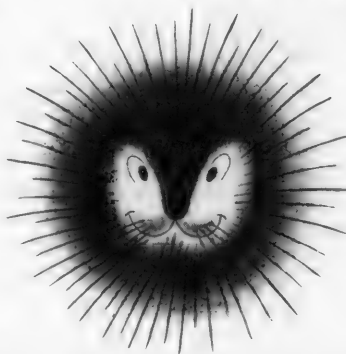
To meet the ever-growing capital needs the people of the less devel-

oped countries will need to save larger amounts than they have been accustomed to save. They will need to put less of their savings in the New York stock and bond markets and more in their own enterprises. And they will still need foreign capital on a grand scale. To attract hesitant dollars for this purpose they will need to apply themselves assiduously to the removal of present deterrents to the international movement of capital for direct investment. The nature of those deterrents will be the subject of a later article.

AMERICAN & FOREIGN POWER COMPANY, launched more than 30 years ago, is the only American utility company operating exclusively abroad. Its assets, near a billion dollars, are largely in Latin America. It has a minor holding in India. Its Shanghai Power Co., lost to the Japanese and recovered, is now in Communist hands and written off. A few of A&FP's Latin American subsidiaries have been money makers; others have provided unhappy experiences. With costs periodically rising with inflation and union demands, and rates held low by unsympathetic governments, A&FP would be glad to sell some of its properties, but can't. Meanwhile repairs and plant expansion requiring foreign exchange—which is not always available in Latin America—require reinvestment, at times, of dividends remitted. The Eximbank has helped out in some cases with loans, for more private capital is not easily obtainable here. In some countries A&FP subsidiaries have met moderate success in selling local-currency senior securities. The picture shows an A&FP-owned hydro-electric station serving Curitiba, Brazil



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in many ways
Give us the opportunity
to show you how



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NATIONAL BANK
at Indianapolis

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

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... to support your
important decisions —

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Your Key to
the Whole Field
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New Books

PUBLIC ACCOUNTABILITY OF FOUNDATIONS AND CHARITABLE TRUSTS. By *Eleanor K. Taylor*. Russell Sage Foundation, New York. 221 pp. \$3. This study traces the development of state regulation and analyzes the regulatory machinery in 12 states. A recommended program of regulation is also offered.

FOREIGN EXCHANGE IN CANADA: AN OUTLINE. By *Sidney A. Shepherd*. University of Toronto Press, Toronto, Ontario. 224 pp. \$5.95. Mr. Shepherd writes for the "ordinary man, including the plain banker," and has endeavored to avoid the terminology of economics.

AID, TRADE AND TARIFFS. Edited by *Clifton H. Kreps, Jr.*, and *Juanita Morris Kreps*. H. W. Wilson Company, New York. 202 pp. \$1.75. Delections from magazines, business and financial journals, and Government sources presenting background information and various views. Mr. Kreps is chief of the Public Information Division, Federal Reserve Bank of New York.

PRACTICAL FINANCIAL STATEMENT ANALYSIS. By *Roy A. Foulke*. McGraw-Hill, New York. 655 pp. \$10. The vice-president of Dun & Bradstreet, Inc., has prepared this third edition of a reference work, based on his own experience in analyzing statements over a period of some 30 years. Text and tables have been revised.

A WOMAN'S GUIDE TO FINANCIAL SECURITY. By *Joyce Clarke* and *Sally Dickson*. M. Barrows and Company, Inc., New York. 177 pp. \$2.75. Written to "help women achieve greater financial security," this book discusses ways in which they can "help build a more secure future by managing intelligently" whatever
(CONTINUED ON PAGE 168)

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New heavy gauge metal shelves - 18" x 31"

New large, smooth-rolling wheels

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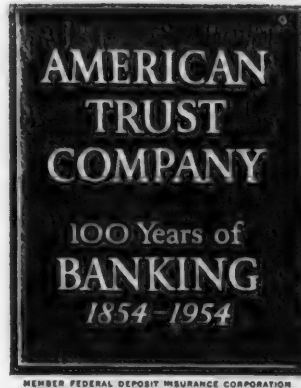
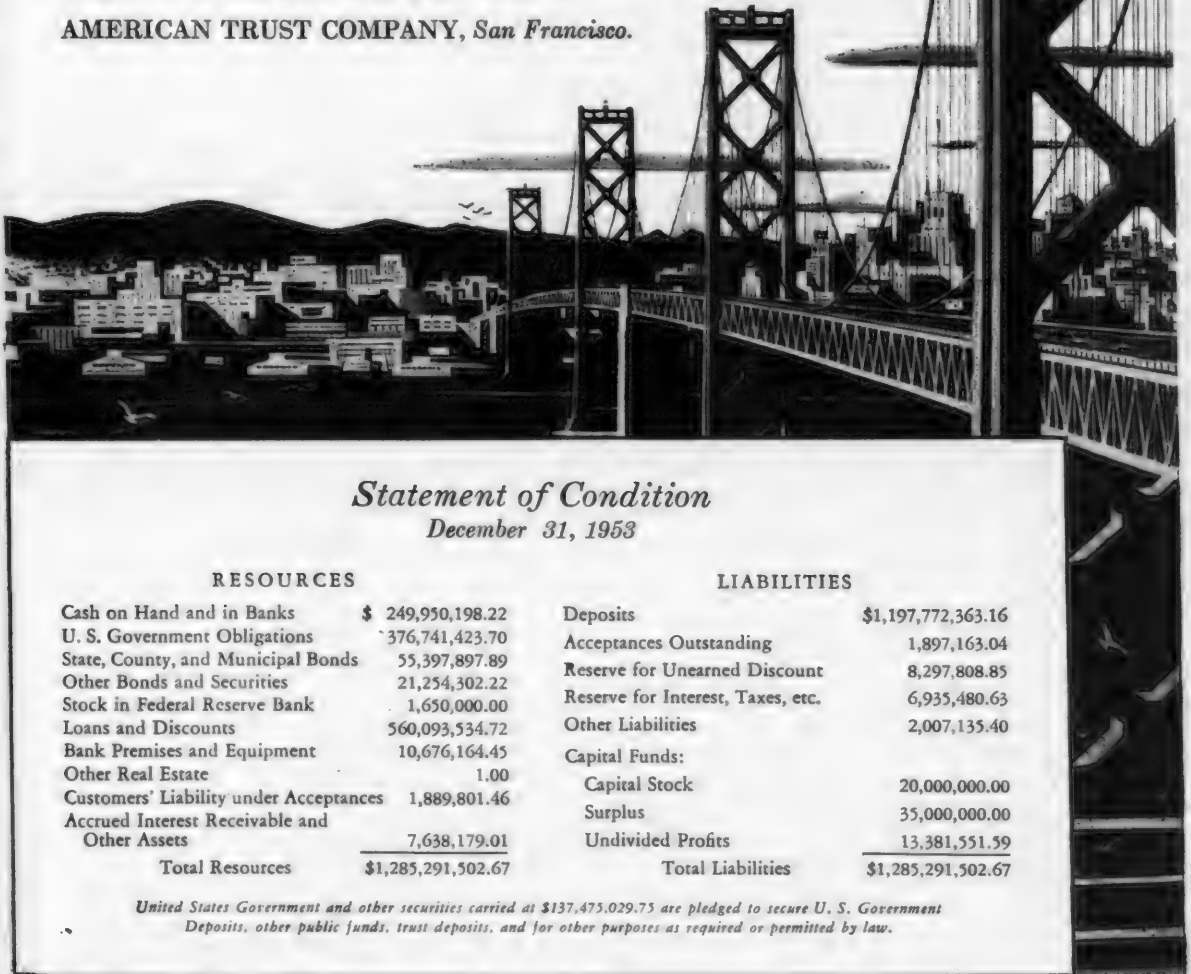
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BANKING'S NEWSLETTER

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Statement of Condition
December 31, 1953

RESOURCES		LIABILITIES	
Cash on Hand and in Banks	\$ 249,950,198.22	Deposits	\$1,197,772,363.16
U. S. Government Obligations	376,741,423.70	Acceptances Outstanding	1,897,163.04
State, County, and Municipal Bonds	55,397,897.89	Reserve for Unearned Discount	8,297,808.85
Other Bonds and Securities	21,254,302.22	Reserve for Interest, Taxes, etc.	6,935,480.63
Stock in Federal Reserve Bank	1,650,000.00	Other Liabilities	2,007,135.40
Loans and Discounts	560,093,534.72	Capital Funds:	
Bank Premises and Equipment	10,676,164.45	Capital Stock	20,000,000.00
Other Real Estate	1.00	Surplus	35,000,000.00
Customers' Liability under Acceptances	1,889,801.46	Undivided Profits	13,381,551.59
Accrued Interest Receivable and Other Assets	7,638,179.01	Total Liabilities	\$1,285,291,502.67
Total Resources	\$1,285,291,502.67		

United States Government and other securities carried at \$137,475,029.75 are pledged to secure U. S. Government Deposits, other public funds, trust deposits, and for other purposes as required or permitted by law.

California Bank

Los Angeles

*(An Industrial, Business-Minded Bank
located in the "Industrial Center of the West")*

Statement of Condition

as of December 31, 1953

Resources

Cash and Due from Banks	\$156,603,676.51
United States Government Securities	236,490,786.01*
Obligations of Other Federal Agencies	\$ 8,845,674.87
State, County, and Municipal Bonds	22,572,631.83
Other Bonds and Securities	296,063.11
Federal Reserve Bank Stock	31,714,369.81*
Ownership of California Trust Company	600,000.00
Loans and Discounts	1,475,324.661
Bank Premises, Furniture, and Fixtures	193,490,384.41
Earned Income Receivable	3,730,892.55
Customers' Liability under Letters of Credit and Acceptances	1,890,141.16
Other Resources	1,869,440.96
TOTAL	162,568.56
	\$628,027,584.63

Liabilities

Demand Deposits	\$425,995,307.82
Time Deposits	135,840,984.03
United States Government Deposits	18,434,674.83
Other Public Deposits	11,864,545.80
Reserve for Interest, Taxes, and Expenses	\$592,135,512.48
Unearned Income Collected	3,540,384.29
Letters of Credit and Acceptances	2,278,959.72
Capital Stock	1,895,349.67
Surplus	\$10,000,000.00
Undivided Profits	10,000,000.00
TOTAL	8,177,378.47
	28,177,378.47
	\$628,027,584.63

*\$44,848,806.47 pledged, according to law, to secure Public Funds and Trust Deposits.

†California Trust Company—owned by California Bank and devoted exclusively to trust service—has Capital of \$1,000,000.00, Surplus of \$525,000.00, and Undivided Profits of \$402,375.89.

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Vice Presidents

C. C. DePLEDGE CHAS. E. DONNELLY, *Counsel*

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MEMBER FEDERAL RESERVE SYSTEM & FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 166)
savings they can set aside each year. There are chapters on the savings account, life insurance, Savings Bonds, real estate, stocks and bonds, mutual funds, investment planning, social security and pensions.

ECONOMIC CONTROLS AND DEFENSE. By Donald H. Wallace. Twentieth Century Fund, New York. 256 pp. \$2. This study appraises the effectiveness of price and wage ceilings and controls over scarce materials and manpower as anti-inflation measures during a prolonged defense effort.

WORLD POPULATION AND PRODUCTION. By W. S. Woytinsky and E. S. Woytinsky. Twentieth Century Fund, New York. 1,268 pp. \$9. Here is an outline of world trends and outlook, supplemented with nearly 500 statistical tables and 338 charts and maps. Divided into five major parts, the book covers man and his environment, world needs and resources, agriculture, energy and mining, and manufactures. A second volume is scheduled for publication in 1954.

THE STANDARDS WE RAISE. By Paul Mazur, Harper, New York. 164 pp. \$2.50. Mr. Mazur emphasizes that the decisions we now make on future economic policy are vitally important to our future, and that the basis of that policy must be a change from production economics to consumption economics, from purchasing power to purchases.

DESIGN FOR DECISION. By Irwin D. J. Bross, Macmillan, New York. 272 pp. \$4.25. A description and explanation of "statistical decision," a recently developed method for making decisions, written in everyday language.

"We took one of those 'all-expense tours'—and that's just what it was."



The magic whispers...



When Grandpa tucked you between his knees, you knew you were going to listen again to his wonderful watch—to hear its magic tick . . . tick . . . tick . . .

And as you listened, those measured whispers of time shut away the world, leaving you close to Grandpa, secure in his love.

From fathers and mothers to sons and daughters passes the lifeblood of happiness—security. The privilege of providing it for those we love can be found only in a land like ours.

And another wonderful thing is this: By realizing this privilege of freedom for ourselves, we achieve the security of our country. For, think—the strength of America is simply the strength of one secure home touching that of another.



Saving for security is easy! Read every word—now! If you've tried to save and failed, chances are it was because you didn't have a plan. Well, here's a savings system that really works—the Payroll Savings Plan for investing in Savings Bonds.

This is all you do. Go to your company's pay office, choose the amount you want to save—a couple of dollars a payday, or as much as you wish. That money will be set aside for you before you even draw your pay. And automatically invested in Series E U. S. Savings Bonds which are turned over to you.

If you can save only \$3.75 a week on the Plan, in 9 years and 8 months you will have \$2,137.30. If you can save as much as \$18.75 a week, 9 years and 8 months will bring you \$10,700!

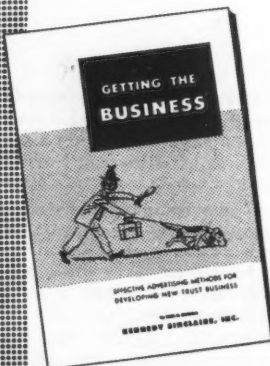
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BANKING'S ADVERTISERS

February 1954

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A report to the 40,000,000 American Red Cross members on how their contributions serve the stricken and troubled at home and abroad



Here's what your Red Cross dollars DID During year ending June 30, 1953

The Red Cross reports to YOU

	By the National Organization	By the 3,723 Domestic Chapters	TOTAL
Services to the Armed Forces and Veterans —232,200 servicemen and veterans helped each month by field staff and volunteers at military installations and VA hospitals; 133,000 of their families helped each month by Home Service in Red Cross chapters.....	\$17,525,171	\$17,621,976	\$35,147,147
Disaster Preparedness and Relief —25,200 families aided in 319 disaster operations in 45 states and 4 U. S. territories by free grants of emergency and rehabilitation help.....	5,576,336	1,199,741	6,776,077
Red Cross Blood Program —Volunteer donors gave 4,121,200 donations of blood to fill civilian and national defense needs—including production of gamma globulin to fight measles, hepatitis and paralysis from polio.....	6,692,253	6,187,109	12,879,362
Nursing, First Aid and Water Safety Services —2,021,000 certificates awarded persons trained in first aid, water safety and nursing skills for better protection of themselves, their families, their neighbors.....	1,721,415	4,060,641	5,782,056
Junior Red Cross —Junior Red Cross members enrolled in 78,300 of the nation's schools served their communities, their country, and the children of other lands.....	686,830	2,035,624	2,722,454
Service and Financial Assistance to Chapters —Grants to chapters whose funds were inadequate to meet the need for Red Cross services in their communities; and assistance to all chapters in carrying out Red Cross programs by specially trained workers of the national organization.....	4,010,886	—	4,010,886
International Relations —To help establish the joint Red Cross teams that visited POW camps and assisted in the exchange of prisoners in Korea; to aid victims of major foreign disasters; and to support Red Cross activities internationally.....	255,467	—	255,467
Other Community Projects —Where local resources to meet essential community welfare needs were lacking, certain chapters provided these services even though they were not part of established Red Cross programs.....	—	766,144	766,144
Membership Enrollment and Fund Raising —To organize and guide the annual campaign for members and funds; to train volunteer workers; to produce supplies and materials.....	525,357	3,778,092	4,303,449
Public Information —To inform the American people of Red Cross services available to them and of their opportunity to serve others through the Red Cross; to interpret Red Cross aims and accomplishments through all public information media.....	807,192	949,431	1,756,623
General Management—planning and administration —For planning and administering the Red Cross program of services and activities at home and abroad.....	1,940,481	8,692,922	10,633,403
Capital Expenditures —For buildings in which and from which communities receive Red Cross services.....	631,290	377,225	1,008,515
TOTAL	\$40,372,678	\$45,668,905	\$86,041,583
After expenditures for the above purposes, Red Cross had these uncommitted funds for national emergencies.....	\$12,260,000	\$ 7,707,000	\$19,967,000

It takes people to help people. In the national organization and its chapters, 1,650,000 volunteers and 11,600 career personnel in chapters, and 4,800 nationally, performed these services in your name.

BANKING

The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 37)

ments. Electric power production is increasing and freight-car loadings appear to be steady. There has been a slight increase in business failures.

Generally, throughout this District, it would appear that there should be a slight increase in credit demand. In certain areas, however, there will be a slight decrease. The volume of home construction should decline slightly during the first part of the year. Construction other than houses will be somewhat limited, although there probably will be some commercial building. A possible slight decline will occur in consumer lending. The saturation point is being approached in appliance ownership. Agricultural lending will be moderately down, although in certain areas there will be a demand primarily for rose growing and cattle raising. The rose growers enjoyed an unusually good year in 1953.

The general credit situation for this District is comparatively sound, with varying degrees of caution being exhibited in certain lines. Employment continues at a high level and purchasing power in most groups is good. Most of the large loans on livestock have been worked out with no appreciable losses. The average individual, firm, and corporation are not overextended, except in a few instances. Some individuals are heavily obligated, and the monthly instalment payments are proving too high for them. This has resulted in some slight increase in delinquencies. Generally, it might be said that credit is within normal limits and considered satisfactory. Ample funds appear to be available for any legitimate need.

Certain types of loans warrant special attention. As mentioned before, consumer loans have evidenced a slight trend toward slowness in repayment.

San Francisco Federal Reserve District

THIS District should enjoy good business conditions the first six months of 1954, but slightly under 1953. Business volume will be down because of the more plentiful supply of all types of materials and finished goods, with a more competitive market. In California and Washington, the aircraft industry and defense plants have contributed substantially to the economy. Aircraft production looks stable for the first six months, but Government policy will determine the last half of the year's activity. Much of this District is engaged in agriculture. With the drop in the price of commodities, farmers have not fared as well. Livestock conditions were poor because of the decrease in prices paid to producers.

The motion picture industry probably will show increased earnings and activity as 3-D develops. Military procurement in electronics should be well maintained. The lumber industry has been fairly well stabilized price-wise. Lumber and plywood are looking better as construction outlook for the next year firms up, but production will be down somewhat. Newsprint, and paper box board mills seem to be operating at capacity. Petroleum production looks stable. There has been great

activity in oil prospecting and development. Some new refineries have been constructed.

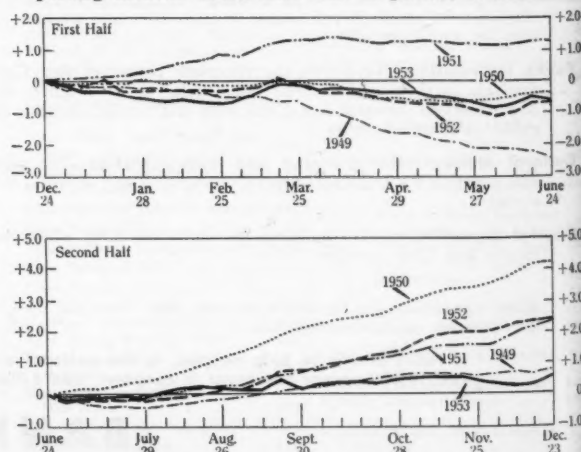
The demand for credit in this District for the first half of 1954 should be slightly under that for 1953. The demand will vary with different trade areas. Home construction will be considerably lower as will construction other than housing. Consumer lending has been declining and will continue to do so. Agriculture lending should be about the same or a little bit higher during the first part of 1954, while commercial and other types of lending should be approximately at the same level.

The general credit situation in this District appears to be good and should continue to be in healthy condition during the first half of 1954. Real estate credit, generally, appears to be in good shape, although it has been reported that older properties are moving only on substantial concessions. Commercial and agricultural lending generally also appear to be on a sound basis, although some new cattle people have been singled and some younger and inexperienced "war babies" have developed anticipated troubles.

The lower prices for beef, lamb, and dairy products will require livestock producers, including dairymen, to make adjustments by reducing operating costs. If credit is to be maintained on a sound basis, machinery dealers, automobile dealers and appliance dealers likewise need to make adjustments in overhead. Management capacities are showing up. However, there are weak spots. Funds are available for all legitimate credit purposes. There will be more screening of loan applications, but those entitled to loans will be taken care of.

There are a few types of loans which have created problems. The principal offender has been the automobile dealer, both new and used. Some cattle loans have developed moderate problems. Heavy logging equipment and fishing boat loans are being carefully screened. Appliances, electrical and farm equipment businesses are giving some concern. Zinc and lead mining companies have been in a slump due to low prices, and these credits may cause some trouble if there is no improvement in the metals market. Consumer loans which have been granted for too long a time, for too low a downpayment, or where the borrower has bought too much on time, have proved to be troublesome. The payments are now catching up with the borrower.

BUSINESS LOANS. Cumulative net changes of weekly reporting member banks since start of period, in billions



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